

# REPORT TO RESOURCES PDG

**REPORT OF: HEAD OF FINANCE**

**REPORT NO: HOF193**

**DATE: 29 MARCH 2012**

<b>TITLE:</b>	Financial reports for 2011/12 – Monitoring Information	
<b>KEY DECISION OR POLICY FRAMEWORK PROPOSAL:</b>	N/A	
<b>PORTFOLIO HOLDER: NAME AND DESIGNATION:</b>	Councillor Mike Taylor Resources and Assets Portfolio Holder	
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<b>INITIAL IMPACT ASSESSMENT:</b>	Carried out and Referred to in paragraph (7) below:	Full impact assessment Required:
<b>Equality and Diversity</b>	N/A	
<b>FREEDOM OF INFORMATION ACT:</b>	This report is publicly available via the Your Council and Democracy link on the Council's website: <a href="http://www.southkesteven.gov.uk">www.southkesteven.gov.uk</a>	
<b>BACKGROUND PAPERS</b>	HOF141, HOF171, HOF182	

## 1. RECOMMENDATION

Members are asked to note the comments and figures contained in this report.

## **2. PURPOSE OF THE REPORT**

In order to ensure effective budget management it is important that the members are updated with budget monitoring information. This serves the purpose of ensuring members are kept informed of actual spend compared to budget and the forecast outturn position. The report provides a summary position of the Year to Date (YTD) position against original budget and the forecast position of the outturn and covers the following areas:

- General Fund Revenue Budget
- Housing Revenue Account Revenue Budget
- Capital Programme
  - General Fund
  - HRA

Forecast outturn work is undertaken during the course of the year by the service areas in order to anticipate the outturn position. This important process enables options to be considered in respect of the spending proposals for the remainder of the year or alternatively it is used to identify emerging financial issues that can be then investigated and mitigating actions put in place. This report provides the financial information up to and including 31 January 2012 and therefore 10 months of actual expenditure is included.

## **3. DETAILS OF REPORT**

### **General Fund Revenue Budgets**

The original net cost of service budget for 2011/12 was set at £16.950m. The financial position as at 31<sup>st</sup> January 2012, shows expenditure of £13.21M compared with year to date (YTD) budget of £14.252M. This is shown in the table below:

## General Fund Revenue Summary

Corporate Area	Annual Budget £'000	YTD Budget £'000	Total Spend to Date £'000
Community Assets	3,085	902	773
Corporate	1,476	1,184	1,091
Property Development	278	416	178
Development & Growth	2,081	1,156	1,180
Environmental Services	5,608	3,300	3,196
Finance	1,641	4,002	3,912
Housing & Neighbourhoods*	940	894	715
People, Projects & Performance**	(56)	1,105	1,047
Legal & Democratic	1,333	975	825
Special Expense Areas	564	318	314
<b>Net General Fund Charge</b>	<b>16,950</b>	<b>14,252</b>	<b>13,231</b>

\*Government grant income of £285k has been excluded from Private Sector Housing due to the new accounting treatment of grants.

\*\*People, Projects & Performance Corporate Area comprises of support services and will be fully recharged out at the end of the financial year.

Work is now underway to identify key spending proposals that can be put in place in the current financial year in order support the delivery of priority projects. This will be a combination of capital and revenue expenditure items and the details of these proposals will be provided at a later date.

### Key Forecast Variances by Corporate Area

#### **Community Assets**

- There has been an increase in film admission income at Stamford Arts Centre and ticket sales for shows held at The Meres leisure centre Grantham. However, based on the year to date position, there has been a decrease in room hire income at Bourne Corn Exchange.

#### **Corporate**

- Operational and Strategic Management budget headings are forecast to achieve a salary saving due to the shared service

arrangement in place with a neighbouring authority for two senior posts.

### **Property Development**

- Following a Service Review of the grounds maintenance service, discussions have taken place with the contractor and savings are forecast to be achieved.
- Income is forecast to be higher than budgeted for Stamford Car Parks as analysis has shown a 4% increase in usage across all sites compared to the same period last year. Grantham Car Parks are not forecast to achieve the income budget by £29k due to changes in customer usage patterns, primarily at Welham Street Car Park.
- Work has been undertaken with the Energy Officer which has highlighted an under spend of approx. £75k is forecast across utilities budget headings.
- Building Control is forecasting income to be down by £45k compared to budget based on the YTD position being less than the same period in 2010/11.

### **Development & Growth**

- A planning appeal is currently lodged which, if upheld, is an unforeseen cost that will be financed utilising the insurance reserve.
- Planning Policy is forecasting an under spend which relates to slippage on the Local Development Framework.
- Land charges income is forecast to be £30k higher than budgeted levels based on the YTD position.
- Building Control are forecasting income to down by £28k compared with budget based on the YTD position being less than the same period in 2010/11.
- Development Control is forecasting an income reduction of £34k compared with budget as the categories of planning applications received is largely concentrated on the lower value work and there is no higher fee work pending at the present time.
- The Partnerships programme of work will be financed in 2011/12 from second homes money held on the balance sheet from previous financial years.
- Planning Policy and Development Services are forecasting an under spend on salary related budgets due to vacancies.

## **Environmental Services**

- Waste & Recycling Services have negotiated a lower payment for recycling gate fees until the end of the 2012/13 financial year. This has resulted in a forecast saving of £66k in 2011/12.
- Environmental Health and Waste & Recycling are forecasting under spends on salary related budgets due to vacancies.
- Recycling Credit income is forecast to be down by £20k for the year following tonnages lower than anticipated in December and January. MOT income is forecast to be lower than budget, however this has been offset by income for additional street cleaning undertaken.

## **Finance**

- An under spend is forecast on salary related budgets due to vacancies across the corporate area.
- Drainage rates are forecast to be under spent due to the precept being lower than anticipated.
- A saving on the telephony contract for 2011/12 has been negotiated resulting in a forecast saving of approx £25k.

## **Housing & Neighbourhoods**

- Private Sector Housing is forecasting an under spend due to a slower than anticipated demand in the Rent Deposit scheme and expenditure has been less than predicted for Better Warmer Homes surveys.
- An under spend is forecast on salary related budgets due to vacancies across the corporate area.
- The income forecast for lifeline monitoring has been reduced this month based on the YTD position.

## **People, Projects & Performance**

- An under spend is forecast on salary related budgets due to vacancies and mid-year recruitment of posts.

## **Legal & Democratic**

- An under spend is forecast on salary related budgets due to a vacancy within the service area.
- Expenditure on elections is less than the budgeted level.

The workforce efficiency target of £354k for the General Fund is forecast to be achieved by the end of the financial year. In addition to this, a further under spend of £364k is forecast on salary related budgets as outlined above.

### **Housing Revenue Account Budgets**

The financial position as at 31<sup>st</sup> January 2012, shows a forecast under spend of £434k which is summarised in the table below:

Area	Annual Budget £'000	YTD Budget £'000	Total Spend To Date £'000	Forecast Outturn £'000	Forecast Variance £'000
Housing Management	2,783	1,432	1,213	2,584	(199)
Supported Housing	392	823	717	330	(62)
Repairs & Maintenance	6,182	4,582	4,420	6,172	(10)
Dwelling Rents	(21,174)	(17,645)	(17,678)	(21,210)	(36)
Rents & Payments	327	261	190	256	(71)
Other Income	(342)	(239)	(251)	(342)	0
Other Expenditure	12,380	6,713	6,666	12,324	(56)
<b>(Surplus)/ Deficit</b>	<b>548</b>	<b>(4,073)</b>	<b>(4,723)</b>	<b>114</b>	<b>(434)</b>

### **Key Forecast Variances**

- The workforce efficiency target of £103k is forecast to be achieved by the end of the financial year. In addition to this, a further under spend of £205k is forecast on salary related budgets.
- Lower tender prices and forecast re-profiling of a small number of repairs and maintenance programmes has resulted in a forecast under spend of £105k compared to budget.
- £50k forecast under spend in relation to Choice Based Lettings as no longer going ahead.
- Forecast income increased for Dwelling Rents due to a reduction in the void rate.

## **Capital Budgets**

The capital programmes include a number of significant capital projects for 2011/12. The current financial position is outlined in the table below;

Programme	Annual Budget £'000	YTD Budget £'000	Total Spend to Date £'000	Forecast Outturn £'000	Slippage £'000
General Fund	4,582	2,155	1,947	2,057	2,080
HRA	6,755	4,511	4,462	5,112	200

### **General Fund Key Variances**

- Slippage of £2.08m has been identified on the 2011/12 General Fund Programme and has therefore been included in the 2012/13 Capital Programme. This is made up of;
  - Bourne Core Area £1.5m
  - Station Approach £200k
  - Better Homes Grants £200k
  - Area Offices Customer Service Centre Upgrade £150k
  - ICT Replacements & Delivery £30k
- Public Realm – Works will not begin until 2012/2013.
- Retail Enhancement – a delay in the programme is resulting in a forecast under spend of £70k.
- Empty Homes Grants – Forecast under spend of £60k against a budget of £100k. Only one further case anticipated.
- Housing Improvement Grants (Better Homes Grants) – Forecast under spend of £50k against latest budget of £250k (after slippage of £200k identified). Reduction reflects lower grant values currently being needed to remove hazards and make properties decent.
- Street Scene Vehicle Procurement - An on-street hot pavement washer has been purchased for £116k in response to service requirements. This will be financed by the Capital Reserve at the end of the financial year.
- Cemetery Works - The forecast outturn for this scheme has been increased by £15k compared to the original budget due to unforeseen essential works required at the cemetery. The cost of this work will be met from the Grantham Special Expense

Area. There is an ongoing dispute with the contractor regarding the works which is being reviewed at present.

- The Box Office System is forecast to cost £20k less than budget.

#### HRA Key Variances

- Slippage of £200k has been identified on the 2011/12 HRA Programme and has therefore been included in the 2012/13 Capital Programme. This is made up of;
  - Upgrading Sheltered Housing £100k
  - Passenger Lifts £60k
  - Bin Store £40k
- Disabled Adaptations – Forecast under spend of £65k against £100k budget owing to occupational therapy referrals on major works.
- The forecast for DDA Compliance/ Fire Risk Assessments had been reduced by £203k as it is anticipated the programme cannot be completed before the end of the financial year.
- Property Refurbishments – Forecast over spend of £14k against £100k budget as additional properties have been refurbished in excess of the plan.
- Hard Wiring of Fire Alarms – Forecast outturn reduced by £80k as the contractor will not be onsite until the beginning of March 2012 and will therefore only be partially complete.
- In response to a re-profiling of the capital works in order to ensure financial efficiencies, the schemes outlined below are not due to commence until February 2012 and therefore will not be completed in the current financial year.

Scheme	Budget £'000	Forecast Outturn £'000	Forecast Variance £'000
Roofing	590	93	(497)
Electrical Rewires	420	270	(150)
Chimney Works	145	10	(135)
Wall Finishes	190	12	(178)
Essential Works	295	153	(142)
<b>Total</b>	<b>1,640</b>	<b>538</b>	<b>(1,102)</b>

## **Headcount and Budgets**

The position as at 31<sup>st</sup> January 2012 shows that against an original FTE budget of 629.3 the actual FTE (including agency and wages staff) is 592.8 which equates to a variance of (36.5) FTE.

## **Collection Performance (as at 31<sup>st</sup> January 2012)**

	YTD Target £'000	YTD Actual £'000	YTD Target %	YTD Actual %
Council Tax	56,708	56,701	96.20	96.12
NDR	36,505	36,287	95.09	94.36
Rents	17,987	18,142	83.37	84.09

### **4. OTHER OPTIONS CONSIDERED**

None applicable

### **5. RESOURCE IMPLICATIONS**

None applicable

### **6. RISK AND MITIGATION (INCLUDING HEALTH AND SAFETY AND DATA QUALITY)**

None applicable

### **7. ISSUES ARISING FROM EQUALITY IMPACT ASSESSMENT**

None applicable

### **8. CRIME AND DISORDER IMPLICATIONS**

None applicable

### **9. COMMENTS OF FINANCIAL SERVICES**

Financial considerations are included in the report.

### **10. COMMENTS OF LEGAL AND DEMOCRATIC SERVICES**

As part of good governance it is important members are kept updated in respect of the financial position of the Council expenditure during the course of the year.

### **11. APPENDIX: None**