

# REPORT TO RESOURCES PDG

**REPORT OF: HEAD OF FINANCE**

**REPORT NO: HOF208**

**DATE: 4 OCTOBER 2012**

<b>TITLE:</b>	Financial report for 2012/13 – Monitoring Information	
<b>KEY DECISION OR POLICY FRAMEWORK PROPOSAL:</b>	N/A	
<b>PORTFOLIO HOLDER: NAME AND DESIGNATION:</b>	Councillor Mike Taylor Well Run Council 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>	HOF 200, HOF204	

## 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 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 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 is the second report for the current financial year and includes activity for the financial year 1<sup>st</sup> April – 31<sup>st</sup> August 2012.

## **3. DETAILS OF REPORT**

### **General Fund Revenue Budgets**

The original net cost of service budget for 2012/13 was set at £16.108m. The financial position as at 31<sup>st</sup> August 2012, shows a current forecast under spend of £331k which is summarised in the table below:

## General Fund Revenue Summary

Corporate Area	Annual Budget £'000	YTD Budget £'000	Net Spend to Date £'000	YTD Variance £'000	Forecast Outturn £'000	Forecast Variance £'000
Community Assets	2,987	551	580	29	3,032	45
Corporate	804	634	557	(77)	728	(76)
Development & Growth	2,187	582	467	(115)	1,973	(214)
Environmental Services	5,645	1,541	1,351	(190)	5,568	(77)
Finance	1,788	2,164	2,180	16	1,761	(27)
Housing & Neighbourhoods	606	356	345	(11)	486	(120)
Legal & Democratic	1,078	404	412	8	1,125	47
People, Projects & Performance	296	497	508	11	293	(3)
Property Development	123	(52)	(72)	(20)	218	95
Special Expense Areas	594	74	61	(13)	593	(1)
<b>Net General Fund Charge</b>					<b>15,777</b>	<b>(331)</b>
	<b>16,108</b>	<b>6,751</b>	<b>6,389</b>	<b>(362)</b>		

### Key Forecast Variances by Corporate Area

#### **Community Assets**

- Expenditure relating to public events celebrating the Olympic torch relay in the District will be financed by year end set asides utilising the priority reserve and are not therefore included in the forecast outturn above. This is forecast to be in the region of £85k.
- A water filtration unit is required at Stamford Leisure Centre and is anticipated to cost £8k.
- Market Rights in respect of the Grantham Market has been re-negotiated for the next 3 years which is resulting in an annual saving of £5k.
- Ticket sales at the Guildhall Arts Centre are forecast to be £2k greater than the budgeted level.
- There are currently no vacancies at the Arts Centres and are not forecasting to achieve the workforce efficiency target at this time. However, this should be offset against efficiency targets being met from other service areas.

- The Grantham Market improvement works have affected trading year to date, however now the works have been completed it is anticipated that trading will resume and income will return to the budgeted level. This, in conjunction with adverse weather conditions during the first quarter which resulted in a reduction in the number of traders, is resulting in a forecast income reduction of £20k across Grantham and Stamford Markets.

### **Corporate**

- Operational and Strategic Management are forecasting to achieve a salary saving due to the shared service arrangement in place with a neighbouring authority for senior posts.

### **Development & Growth**

- Development Management and Land Charges budget headings are both experiencing a higher level of income for the first quarter of the financial year than anticipated. This is forecast to continue for the remainder of the year resulting in additional forecast income of £115k.
- A salary related under spend is forecast due to various vacancies within the service area.

### **Environmental Services**

- The CCTV service is currently exploring a range of options to reduce the operational costs of the service (without reducing the level of the service quality). The service will seek to implement these cost reductions in the current financial year in order to meet its reduced operational budgets.
- The implementation of charging for the green waste service has been particularly successful with customers willing to pay the annual charge of £25 (for the first bin collection) in order to continue to receive the service. The 2012/13 income budget was set at a prudent level and based on experiences elsewhere in the country. The budget was set at a take up level of 50% and the current level is 90%. This has led to a forecast of additional £291k of income than budgeted for. In order to continue to offer the customers a quality waste service, an element of the income will be used to enhance the street cleansing service in the district (£35k).
- Recycling Credits have reduced by 7.7% for the first 5 months of the financial year compared to budgeted levels. This is due to tonnages being down by 5.2% compared to the budgeted level and LCC increasing their contamination rate by 2.5%. The financial impact of this is anticipated to be approx £50k.

- Waste & Recycling is forecasting a salary related under spend of £24k for a vacant Waste & Recycling Officer post. This post is being reviewed before recruitment is undertaken.

### **Finance**

- A salary related under spend is forecast due to various vacancies within the service area.

### **Housing & Neighbourhoods**

- The duties of a vacancy of a Housing Options Project Officer is currently being shared staff in the service resulting in an efficiency saving.
- Salary related savings have been identified following the transfer of the call centre operation of the Helpline service.

### **Property Development**

- Building Control income is down compared to budget for the first 5 months of the financial year. The forecast income reflects this downward trend, resulting in a forecast income reduction of £60k.
- An increase in electricity tariffs is resulting in a forecast of an additional £28k of expenditure.

The workforce efficiency target of £353k for the General Fund is forecast to be achieved by the end of the financial year.

### **Housing Revenue Account Budgets**

The financial position as at 31<sup>st</sup> August 2012, shows a forecast under spend of £66k which is summarised in the table below:

Area	Annual Budget £'000	YTD Budget £'000	Net Spend To Date £'000	Forecast Outturn £'000	Forecast Variance £'000
Housing Management	2,722	704	671	2,715	(7)
Supported Housing	365	345	318	333	(32)
Repairs & Maintenance	7,490	2,483	2,412	7,527	37
Dwelling Rents	(22,780)	(9,555)	(9,577)	(22,834)	(54)
Rents & Payments	298	114	110	288	(10)
Other Income	(361)	(140)	(143)	(361)	0
Other Expenditure	5,313	2,214	2,214	5,313	0
<b>(Surplus)/ Deficit</b>	<b>(6,953)</b>	<b>(3,835)</b>	<b>(3,995)</b>	<b>(7,019)</b>	<b>(66)</b>

### Key Forecast Variances

- A salary related forecast under spend of £11k is due to vacancies within the area which is offset by achieving the workforce efficiency target of £106k.
- The current void rate is 1.3% compared to a budget of 1.5%, therefore additional income of £54k is predicted on Dwelling Rents.

### **Capital Budgets**

The capital programmes include a number of significant capital projects for 2012/13. The current financial position is outlined in the table below;

Programme	Annual Budget £'000	YTD Budget £'000	Total Spend to Date £'000	YTD Variance £'000	Forecast Outturn £'000	Forecast Variance £'000
General Fund	6,477	1,494	1,552	58	5,262	(1,215)
HRA	4,731	1,976	2,019	43	4,631	(100)

### General Fund Key Variances

- Business Innovation Centre and Station Approach schemes – These schemes are now likely to occur in 2013/14 and the allocated sums will be transferred accordingly.
- Shop Front Scheme – Applications are being received and the budget is forecast to be utilised in the financial year.
- Street Scene Vehicle Procurement – A replacement freighter has been ordered (£150k) due to a vehicle being damaged and written off during a serious accident in June 2012. A new vehicle will be purchased in year (£30k) to enhance the street cleansing service in the district. This will be financed by the additional green waste income received following the introduction of the new scheme.
- Bourne Community Access Point – This project is currently underway and is expected to be operational by March 2013.

- Bourne Core Area – This project is also underway with the first phase of the development expected to be completed by January 2013.

#### HRA Key Variances

- Refurbishment Works (Rectory Close, Barrowby) – Initial tender prices are less than anticipated so forecast outturn has been reduced by £100k accordingly.
- Property Refurbishments – An additional £93k is forecast on this scheme due to the refurbishment of 2 large historic voids being refurbished in 2012/13. This will be funded from other capital schemes within the overall programme.
- Helpline software system upgrade – Following the transfer of the call centre operation to City of Lincoln Council, the budget is no longer required generating a saving of £82k.

#### **Headcount and Budgets**

The position as at 31<sup>st</sup> August 2012 shows that against an original FTE budget of 626.1 the actual FTE (including agency and wages staff) is 607.6 which equates to a variance of (18.5) FTE.

#### **Collection Performance**

	YTD Target £'000	YTD Actual £'000	YTD Target %	YTD Actual %
Council Tax	29,017	29,202	48.6	48.8
NDR	20,368	20,386	51.8	51.9
Rents	9,137	9,695	41.4	43.9

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

None applicable

#### **5. RESOURCE IMPLICATIONS**

None applicable

#### **6. RISK AND MITIGATION**

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. COMMENTS OF OTHER RELEVANT SERVICES**

None applicable

**12. APPENDICES**

None