

REPORT TO RESOURCES PDG

REPORT OF: HEAD OF FINANCE

REPORT NO: HOF220

DATE: 17 JANUARY 2013

TITLE:	Financial report for 2012/13 – Monitoring Information	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	N/A	
PORTFOLIO HOLDER: NAME AND DESIGNATION:	Councillor Mike Taylor Well Run Council Portfolio Holder	
CONTACT OFFICER:	Richard Wyles – Head of Finance 01476 406210 Email: r.wyles@southkesteven.gov.uk	
INITIAL IMPACT ASSESSMENT:	Carried out and Referred to in paragraph (7) below: N/A	Full impact assessment Required:
Equality and Diversity		
FREEDOM OF INFORMATION ACT:	This report is publicly available via the Your Council and Democracy link on the Council’s website: www.southkesteven.gov.uk	
BACKGROUND PAPERS	HOF 200, HOF204, HOF208 The above reports can be located by putting their reference number in the search section of the committee website via the link below: http://moderngov.southkesteven.gov.uk/ieDocSearch.aspx?bcr=1	

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 third report for the current financial year and includes activity for the financial year 1st April – 30th November 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 30th November, shows a current forecast under spend of £330k 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	817	787	(30)	3,055	68
Corporate	793	998	901	(97)	654	(139)
Development & Growth	2,186	880	881	1	2,088	(98)
Environmental Services	5,645	2,482	2,250	(232)	5,450	(195)
Finance	1,788	3,410	3,373	(37)	1,713	(75)
Housing & Neighbourhoods	606	604	588	(16)	654	48
Legal & Democratic	1,090	633	610	(23)	1,121	31
People, Projects & Performance	296	787	781	(6)	294	(2)
Property Development	123	79	70	(9)	158	35
Special Expense Areas	594	231	231	0	591	(3)
Net Cost of Service	16,108	10,921	10,472	(449)	15,778	(330)

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 £53k.
- 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.
- There is a forecast reduction on market toll income totalling £18k across both Grantham and Stamford Markets due to issues with lower than anticipated market traders operating and over supply of certain types of casuals.

Corporate

- Operational and Strategic Management cost centres are forecasting to achieve a salary saving due to the shared service arrangement in place with a neighbouring authority for senior posts.
- There is a forecast reduction on audit fees (£27k) following the abolition of the Audit Commission and the appointment of KMPG from the 1st November

Development & Growth

- Development Management and Land Charges budget headings are both experiencing a higher level of income for the first 8 months of the financial year than anticipated. This is forecast to continue for the remainder of the year resulting in additional forecast income of £87k.
- A salary related under spend is forecast due to various vacancies within the service area.

Environmental Services

- Charging for the green waste service has been particularly successful and consequently there is an additional forecast of income than budgeted for. Enhanced street cleansing has been undertaken due to success of the green waste project which is partly offsetting the additional income along with some other additional costs – the net effect is additional income of £174k.
- Improvement on recycling credit income has seen the forecast increase by £29k. Tonnages are now only 3.6% down YTD + 2.5% contamination rate impact therefore recycling gate fees forecast reduced accordingly by £13k.
- Income increased by £17k due to the extension of the Stamford Civics contract until the end of the financial year.
- Environmental Health - Private sector stock condition survey is not expected to be carried out during 2012/13 (£69k) and it has been agreed to earmark this as a year-end set a-side for 2013/14

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 8 months of the financial year. The forecast income reflects this downward trend, resulting in a forecast income reduction of £46k.
- An increase in electricity tariffs is resulting in a forecast of an additional £28k of expenditure.
- Car park income has improved across several car parks (£18k)
- Miscellaneous property costs forecast has reduced by £25k mainly due to a reduction in NDR costs for Bourne Core Area now the buildings have been demolished.

Housing Revenue Account Budgets

The financial position as at 30th November 2012, shows a forecast under spend of £140k which is summarised in the table below:

Corporate Area	Annual Budget £'000	YTD Budget £'000	Net Spend to Date £'000	YTD Variance £'000	Forecast Outturn £'000	Forecast Variance £'000
Income	(23,241)	(15,464)	(15,505)	(41)	(23,203)	(62)
Expenditure	10,875	6,097	6,094	(3)	10,689	(6)
Support Services	0	126	125	(1)	0	0
Other Expenditure	7,200	3,542	3,542	0	7,200	0
Interest	3,388	1,694	1,658	(36)	3,316	(72)
Deficit / Surplus	(1,678)	(4,005)	(4,086)	(81)	(1,818)	(140)

Key Forecast Variances

- The current void rate is 1.3% compared to a budget of 1.5%, therefore additional income of £62k is predicted on Dwelling Rents.
- Disabled adaptations forecast increase of £100k due to 4 major adaptations now being undertaken following referrals received from Occupational Therapists for properties requiring extensions. This will be off-set by underspends elsewhere within the Housing Revenue Account.

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	2,480	2,934	454	3,937	(2,540)
HRA	4,731	3,131	3,291	160	4,443	(288)

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 are being processed however there is a forecast underspend of £40k which are now expected to be completed in 2013/14.
- Serviced Land – Outturn has been forecast at £600k for this scheme in 2012/13 with the remaining £400k anticipated to be spent in 2013/14 for land purchase.
- 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.
- Broad Street Premises Alterations- There will be no scheme of works carried out during 2012/13 which will result in a £100k underspend. Slippage of £35k has been identified for heating works should the decision be made to hold the asset.

- Bourne Core Area – This project is also underway with the first phase of the development expected to be completed by January 2013 with 4 flats being finished within the mill.

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 £142k 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.

The overall delivery of the HRA capital programme has improved since 2011/12 when there was a underspend of £2,046m (30%) compared to only £288K (6%) being forecast for 2012/13.

Headcount and Budgets

The position as at 30th November 2012 shows that against an original FTE budget of 626.1 the actual FTE (including agency and wages staff) is 595.1 which equates to a variance of (31.0) FTE.

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