

REPORT TO RESOURCES PDG

REPORT OF: HEAD OF FINANCE

REPORT NO: HOF231

DATE: 28 MARCH 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	
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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	HOF200, HOF204, HOF208, HOF230 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 – 31st January 2013.

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 31st January, shows a current forecast under spend of £424k 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	3,114	1,082	1,081	(1)	3,224	110
Corporate	2,185	1,259	1,142	(117)	2,021	(164)
Development & Growth	2,335	1,141	1,041	(100)	2,210	(125)
Environmental Services	6,045	3,170	2,525	(645)	5,852	(193)
Finance	4,044	4,036	3,945	(91)	3,979	(65)
Housing & Neighbourhoods	606	732	695	(37)	630	24
Legal & Democratic	1,475	776	762	(14)	1,496	21
People, Projects & Performance	1,582	997	963	(34)	1,579	(3)
Property Development	1,451	115	22	(93)	1,425	(26)
Special Expense Areas	594	315	273	(42)	591	(3)
Recharged to Services	(7,323)			0	(7,323)	0
Net Cost of Service	16,108	13,623	12,449	(1,174)	15,684	(424)

The forecast position of £424K will be utilised to fund a number of key projects that will deliver priority outcomes during the current financial year. In addition a small number of specific year end set-a-sides will be established to fund activity that will be undertaken early in the new financial year. The details of these are:

Description	Funding Type	Amount
New Market Store at Bourne Access Point – contribution to capital works	Revenue Contribution to capital	£20k
Installation of disabled toilet at Bourne Access Point – contribution to capital works	Revenue Contribution to capital	£21k
Contribution towards Abbey Road toilet refurbishments Bourne	Revenue Contribution to capital	£65k
Purchase of a new vehicle to enhance the street cleansing service in the district being financed by the additional green waste income.	Revenue Contribution to capital	£30k
Private Sector Stock Condition Survey	Set-a-side for 12/13	£69k
Neighbourhood Planning Community Requests	Set-a-side for 12/13	£23k
	Total	£228k

Key Forecast Variances by Corporate Area

Community Assets

- Income is below budgeted levels respect of the Corn Exchange due to building works associated with the Community Access Point project together with additional staffing costs to support project delivery have resulted in a forecast overspend of £24k
- The renegotiation of the chance to share agreement regarding the use of Deepings Leisure has yet to take place and therefore a budget shortfall is expected of £14k.
- A water filtration unit is required at Stamford Leisure Centre and is anticipated to cost £8k.
- It has been agreed to undertake some urgent redecoration works at Stamford Arts Centre which will be funded from underspends with the corporate area £30k.
- 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 £23k 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 £95k.
- There is a forecast reduction on audit fees (£35k) following the abolition of the Audit Commission and the appointment of KMPG from the 1st November 2012.
- A £20k underspend is expected on subscriptions within the corporate area following a review of requirements and payments being less than anticipated.

Development & Growth

- Development Management and Land Charges budget headings are both experiencing a higher than anticipated levels of income for the majority of the financial year which is resulting in additional forecast income of £61k.
- A salary related under spend is forecast due to various vacancies within the service area.
- Within the Planning policy area a forecast underspend is anticipated on the delivery of the Local Development Framework including costs associated with the local plan, specifically the SAP DPD (site allocations policy, development plan document) being lower than expected in 2012/13 (£51k).

Environmental Services

- Charging for the green waste service has been particularly successful and consequently there is 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 £193k.
- Income increased by £17k due to the extension of the Stamford Civics contract until the end of the financial year.
- Recycling credits forecast reduced by £20k due to the increase in contamination rate and tonnages being lower than anticipated Year To Date
- 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 sharing of duties around the vacancy for a Housing Options Project Officer within the service has resulted in an efficiency saving.
- There is a forecast income reduction following of the call centre operation of the Helpline service.

Property Development

- Building Control income has been down compared to budget for the majority 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.
- Car park income has improved across several car parks and the recovery of set up costs and overheads for Civil Parking Enforcement are currently being met by income generated through on street PCN's therefore it is anticipated that the deficit payment to LCC is no longer required in this financial year (£31k)

Housing Revenue Account Budgets

The financial position as at 31st January 2013, shows a forecast under spend of £420k 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	(23,141)	(19,307)	(19,372)	(65)	(23,210)	(69)
Expenditure	10,875	7,851	7,823	(28)	10,596	(279)
Support Services	0	158	153	(5)	0	0
Other Expenditure	7,200	4,428	4,428	0	7,200	0
Interest	3,388	1,694	1,658	(36)	3,316	(72)
Deficit / Surplus	(1,678)	(5,176)	(5,310)	(133)	(2,098)	(420)

Key Forecast Variances

- The current void rate is 1.3% compared to a budget of 1.5%, therefore additional income of £69k is predicted on Dwelling Rents.
- Due to the bad weather experienced during the winter months the expected spend on external painting had not been incurred and therefore a underspend of £120k is now factored in the forecast outturn.
- A salary related under spend is forecast (£92k) due to various vacancies within the Housing Revenue account.
- There is a forecast underspend on fire risk assessments due to the bespoke nature of the works and the manufacturing process. These works are of a low category in terms of risk.

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	3,202	3,442	241	3,922	(2,555)
HRA	4,731	3,684	4,002	318	4,512	(219)

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 £590k for this scheme in 2012/13 with the remaining £410k anticipated to be spent in 2013/14 for land purchase.
- Street Scene Vehicle Procurement – A replacement freighter has been purchased (£150k) due to a vehicle being damaged and written off during a serious accident in June 2012. A new vehicle has also been 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 will be operational in 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 underway with the first phase of the development due to be completed in May 2013 with 4 flats being finished within the mill of which 2 of these have had offers accepted.

HRA Key Variances

- Refurbishment Works (Rectory Close, Barrowby) – Initial tender prices are less than anticipated so forecast outturn has been reduced by £100k accordingly. This could be used to fund the additional expenditure on property refurbishments.
- Re-roofing – there have been delays in delivering the scheme due to the recent adverse weather conditions which has resulted in a forecast underspend. However, officers are hopeful works can be accelerated towards year end to deliver the scheme on budget.
- Property Refurbishments – An additional £190k is forecast on this scheme due to the reactive nature of the works as the scale of works required are not always known until the properties become void. There has also been refurbishment work undertaken on 2 large historic voids during 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.
- Mobilisation of craft working – due to software delays this project is unlikely to be completed by year the end and therefore a forecast underspend of £74k is now expected. As part of the outturn analysis any remaining budget will be reviewed as part of that process.

Headcount and Budgets

The position as at 31st January 2013 shows that against an original FTE budget of 626.1 the actual FTE (including agency and wages staff) is 597.7 which equates to a variance of (28.4) 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