

REPORT TO RESOURCES PDG

REPORT OF: HEAD OF FINANCE

REPORT NO: HOF246

DATE: 25th July 2013

TITLE:	Financial Report for 2013/14 – Monitoring Information and Summary of outturn position 2012/13	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	None	
PORTFOLIO HOLDER: NAME AND DESIGNATION:	Councillor Mike Taylor Well Run Council Portfolio Holder	
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INITIAL IMPACT ANALYSIS:	Carried out and Referred to in paragraph (7) below:	Full impact assessment Required:
Equality and Diversity	N/A	No
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 – Determination of Budget 2012/13 and HOF225 – Determination of Budget 2013/14 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. RECOMMENDATIONS

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

2. PURPOSE OF THE REPORT

2.1 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 for 2013/14 and covers the following areas:

- General Fund Revenue Budget (including significant income streams and salaries)
- Housing Revenue Account Revenue Budget (including salaries)
- Capital Programme
 - General Fund
 - HRA

2.2 The report will also present the Council's Revenue and Capital Outturn 2012/13 for both General Fund and Housing Revenue Account covering:

- Revenue outturn 2012/13
- Capital outturn 2012/13
- Commentary on the revenue and capital outturn

3 DETAILS OF REPORT

3.1 The original net cost of service budget for 2013/14 was set at £15.619m. The financial position as at 31st May 2013, shows a year to date underspend of £132k which is summarised in the table below:

Table A - General Fund Total Revenue Summary

Corporate Area	Annual Budget £'000	YTD Budget £'000	Net Spend to Date £'000	YTD Variance £'000
Community Assets	2,976	223	187	(36)
Corporate	2,503	252	208	(44)
Development & Growth	2,229	224	179	(45)
Environmental Services	5,751	204	215	11
Finance	4,377	1,261	1,231	(30)
Housing & Neighbourhoods	588	57	43	(14)
Legal & Democratic	1,578	199	189	(10)
People, Projects & Performance	2,249	234	253	19
Property Development	1,356	250	273	23
Special Expense Areas	605	23	17	(6)
Recharged to Services	(7,983)			
Cost of Service	16,229	2,927	2,795	(132)
Set-Asides	(253)			
Workforce Efficiency Target	(357)			
Net Cost of Service	15,619	2,927	2,795	(132)

- Overall the year to date underspend of £132k is less than 5% of the profiled budget and detailed forecast work is due to commence with service managers for the first quarter forecast outturn report and will be reported to the committee at its September meeting.
- Due to the reporting period being at the early part of the year there will be some accounting entries such as accruals from 2012/13 which may still be awaiting invoices to be matched off against these which will be contributing to the year to date underspend.

- There is also a summary in tables B and C on the employees cost and significant income stream positions respectively.

Table B - General Fund Employee Costs

Corporate Area	Annual	YTD	Net	YTD
	Budget	Budget	Spend	Variance
	£'000	£'000	to Date	£'000
			£'000	£'000
Community Assets	982	154	153	(1)
Corporate	1,294	216	208	(8)
Development & Growth	1,467	240	224	(16)
Environmental Services	3,530	590	547	(43)
Finance	2,488	414	407	(7)
Housing & Neighbourhoods	379	63	52	(11)
Legal & Democratic	557	142	136	(6)
People, Projects & Performance	1,140	190	181	(9)
Property Development	853	142	130	(12)
Total	12,690	2,151	2,038	(113)

- As at the end of May 2013 the current level of vacancies is 19.9 FTE.

Table C – Significant Income Streams

Significant Income Stream	Annual	YTD	Total	YTD
	Budget	Budget	Income to	Variance
	£'000	£'000	Date	£'000
			£'000	£'000
Building Control	(285)	(150)	(124)	26
Land Charges	(205)	(39)	(45)	(6)
Development	(765)	(104)	(69)	35
Licensing	(233)	(127)	(126)	1
Arts Centres	(918)	(198)	(232)	(34)
Bourne Corn Exchange	(39)	(6)	(6)	0
Markets	(296)	(45)	(41)	4
Grantham Car Parks	(498)	(80)	(71)	9
Stamford Car Parks	(735)	(123)	(105)	18
Waste Management	(917)	(58)	(6)	52
Green Waste Collection	(651)	(637)	(631)	6
Helpline	(306)	(57)	(59)	(2)
Total	(5,848)	(1,624)	(1,515)	109

- Building Control – based on a rolling 12 month average the first 2 months of 2013/14 (£18k) are lower than in 2012/13 (£21k) and based on this trend current income levels are lower than the profiled budget. A full review of the trading account will be undertaken for the first quarter forecast.
- Development Management – planning income is lower compared to the year to date budget and it is also lower as at this point in 2012/13 when £110k had been received compared to £69k this year.
- Arts Centres – due to increased throughput ticket sales are up which has resulted in greater than anticipated income compared to the year to date budget for this point in the year. However, there are still some performers fees to pay which will offset some of the additional income received.
- Car Parks – income levels are below the profiled budget across both towns (£27k). Work is currently being undertaken to develop a new monitoring system readiness for the first quarter forecasting to undertake a detailed review of car park performance.
- Waste Management – The tonnage achieved for recycling credits in April was 1,238 which equates to income of £51k. This is not reflected in the figures above due to the timing of the invoice being raised.

3.2 The financial position as at 31st May 2013, shows a year to date underspend of £71k which is summarised in the table below:

Table D - HRA Total Revenue Summary

Area	Annual Budget £'000	YTD Budget £'000	Net Spend To Date £'000	YTD Variance £'000
Income	(24,198)	(4,046)	(4,069)	(23)
Expenditure	11,448	1,617	1,579	(38)
Support Services	921	104	94	(10)
Other Expenditure	8,893	896	896	0
Interest	3,170	528	528	0
Total Exp	24,432	3,145	3,097	(48)
Recharged to Services	(921)	0	0	0
Set-Asides	(349)	0	0	0
Workforce Efficiency	(108)	0	0	0
Deficit/ (Surplus)	(1,144)	(901)	(972)	(71)

- Income – the current void rate is running at 0.86% against a budget figure of 1.5% on dwelling rent income which is therefore resulted in additional income compared to the profiled budget.

- Expenditure – the year to date underspend mainly relates to employee costs (see table E below)

Table E - HRA Employee Costs

Service Area	Annual Budget £'000	YTD Budget £'000	Net Spend to Date £'000	YTD Variance £'000
Housing Management	819	134	129	(5)
Property & Facilities (HRA)	2,773	462	441	(21)
Rents & Payments	197	33	33	0
Supported Housing	1,001	156	155	(1)
Tenancy Business ICT	86	14	14	0
Total	4,876	799	772	(27)

- As at end of the May 2013 the current level of vacancies is 2.1 FTE.

3.3 The capital programmes include a number of significant capital projects for 2013/14. The current financial position is outlined in the table below;

Table F - Capital Programmes

Programme	Annual Budget £'000	YTD Budget £'000	Total Spend to Date £'000	YTD Variance £'000
General Fund	7,202	1,154	349	(805)
HRA	6,000	342	228	(114)
Total	13,202	1,496	577	(919)

- General Fund – the anticipated purchase of service land (£590k) has been delayed due to remedial works which the Council is stipulating prior to completion.
- HRA – there are year-end accounting adjustments which are impacting on the expenditure totals to the end of May, which is resulting in a year to date underspend.

3.4 Headcount and Budgets

- The position as at 31st May 2013 shows that against an original FTE budget of 609.8 the actual FTE (including agency and wages staff) is 587.8 which equates to a variance of (22.0) FTE

Summary of Outturn for 2012/13

3.5 The following paragraphs give detailed analysis of the:

- General Fund Revenue Services
- Housing Revenue Account
- Capital Expenditure (both Housing and General Fund)

The corporate service headings' showing budget and outturn is shown below for the General Fund (Revenue):

Table G – General Fund Summary 2012/13 Outturn

Service Area		2012/13	2012/13	2012/13	2012/13
		Original Base	Adjusted	Outturn	Variance (adjusted)
		£'000	£'000	£'000	£'000
1	Community Assets	3,060	3,036	2,619	(417)
2	Operational Management	815	815	650	(165)
3	Development & Growth	2,219	2,226	2,201	(25)
4	Environmental Services	5,716	5,683	5,724	41
5	Finance	1,494	1,552	1,209	(343)
6	Housing & Neighbourhoods	607	607	671	64
7	People, Projects and Performance	343	313	331	18
8	Legal & Democratic	1,144	1,143	1,054	(89)
9	Property Development	116	139	88	(51)
10	Special Expense Areas	594	594	557	(37)
11	Net Total	16,108	16,108	15,104	(1,004)
12	Removal of accounting adjustments*			772	
13	General Fund Total	16,108	16,108	15,876	
14	Set aside sums 2012/13**			232	
15	Creation of provisions (asset maintenance, ICT Reserve)			175	
16	Additional revenue contribution to Capital Expenditure			162	
17	Use of reserves to fund expenditure			(436)	
18	Restated General Fund Total	16,108	16,108	16,009	(99)

Notes:

*Line 12 – There are a number of accounting entries that are charged ‘above the line’ at service cost level (in accordance with accounting requirements) but which will be either financed from specific reserves or will be removed to eliminate any impact on the taxpayer.

**line 14 – services have rolled forward resources into 2013/14 in order to complete pieces of work and initiatives that have been planned and been unable to commence in the year. Set aside also enables the smoothing out the costs of reactive spend that are unable to be budgeted for accurately for example repairs and maintenance.

The total revenue contribution to the capital programme for 2012/13 is £821K which comprises of the original budgeted figure of £659K plus additional contributions with respect to the South Kesteven Community Point project of £105K, cemetery works £27K and £30K for the purchase of an additional street scene vehicle.

In accordance with Council’s policy with respect to the reserves the following expenditure has been financed from the specific provisions that have been established.

Table H – summary of set-a-sides 2012/13

Reserve Heading	Balance b/f (£K)	In –year use (£K)	Balance c/f (£K)
Destination SK	100	(39)	61
Events and Festivals	295	(98)	197
Waste Management	150	(8)	142
Corporate Reviews	75	(18)	57
Corporate Training	170	(149)	21
Waste and Recycling set-a-side	50	(50)	0
Property Development	63	(63)	0
Insurance	488	(12)	476
ICT	84	(84)	0
Total	1,475	(521)	954

3.6 Summary of Key Variances

The following is a summary of the key variances by service area.

3.6.1 Community Assets

Arts and events – this area has a variance of £35K. Income has not reached the targets and this has been exacerbated by the impact of the severe winter weather affecting attendance at two high profile Meres events. Music in Quiet places also fell short on income and appeared partially affected by high profile national events such as jubilee celebrations and the Olympics. However significant fringe benefits continue from live events with increased box office takings at both arts Centres.

A revaluation of the Grantham Meres Leisure Centre, Deepings Leisure Centre and Stamford Leisure Centre has been undertaken by the District Valuer as part of the annual re-valuation of the Council assets. This has the effect of lowering the annual depreciation capital charge and therefore a variance when compared with budgeted costs.

Guildhall Arts Centre – due to improvement works at the Centre, including the refurbishment of the clock tower, the annual capital charges have been increased by £100K resulting in a variance when compared with original budget.

Markets – both Stamford and Grantham markets have suffered during the year with particularly adverse winter weather with 7% of the markets affected. This has resulted in lower income being received (Stamford £11k and Grantham £12K).

Olympic torch – the costs associated with the delivery of the Olympic Torch project will be met from the events and festivals reserve.

Stamford Arts Centre – Redecoration and improvement works of £30K have been undertaken during the year which have been met from service underspends.

Corn Exchange – following the temporary closure of the facility and the associated disruption to the building whilst the Community Point was being constructed, overall income levels were reduced by £12K.

Overall participation in arts and cultural events increased during the year and 2012/13 saw 93,000 tickets sold for the varied programme on offer within the Arts Centres in addition to the massive participation in community events such as the Olympic Torch relay days, Gravity Fields, Meres Live and the BRM celebrations in Bourne.

3.6.2 Operational Management

Corporate costs – there was a saving of £41K in respect of external audit fees following the transfer of audit responsibility from Audit Commission to KPMG mid-year. There has been a saving of £27K on annual subscriptions following a review of the number of subscriptions the Authority makes during the year. The remainder of the overall variance of £165K relates to a reduction in support service allocations.

Strategic/operational management – there have been salary savings of £77K in response to the sharing of key senior staffing posts during the year and in-year vacancies in the support services.

3.6.3 Development and Growth

Development Management – due to an increase in the number of major applications received there has been an increase of £88K in income during the year.

Economic Development – there have been a number of events and festivals during the year including Gravity Fields and promoting South Kesteven which were planned to be financed from earmarked reserves. £45K is to be financed from the events and festivals and £39k from destination SK. In addition to this it was also agreed to fund £15K of expenditure on the Gravity Fields festival 2014 from this year in respect of initial preparatory work.

Planning Policy – the underspend within this area is mainly related to the examination of the Grantham Area Action Plan (GAAP) and the Site Allocation and Policies Plan (SAP) which were expected to be completed by the end of March 2013. In the event, the GAAP was withdrawn by the Council in January 2013 and the examination of the SAP was suspended in March 2013 to enable some additional work to be undertaken. It is expected to recommence the examination of the SAP during the summer (with anticipated adoption of the Plan by the end of 2013).

3.6.4 Environmental Services

CCTV – there is a variance of £48K which is in relation to an increase in income received from the monitoring service and a contribution to its costs from 2nd homes receipts.

Green waste charging – following the introduction of this initiative the income received was £648K. This was largely due to the budget being set at a take up rate of 50% with the actual take up being 90%. This income was used to off-set the operational costs of providing the service and to enhance litter picking and the clearing of fly tipping by the provision of extra staff and the purchase of a further vehicle.

Private Sector Landlords – there is a variance of £194K which is in relation to capital expenditure that has been charged to a revenue cost centre in respect of disabled facilities grants.

Waste management – the service area has utilised a set-aside sum of £50K to fund vehicle hire charges during the course of the year following the write off of a waste vehicle and reliability issues with the fleet. There has been a reduction in recycling credit income of £38K following an increase in contamination rate from a budgeted 5% to an actual rate of 9%. This resulted in an unanticipated loss of 471 tonnes of recyclable material in conjunction with an overall reduction in collectable tonnage of 490 tonnes. The percentage of waste recycled during 2012/13 (49.5%) was marginally up on the previous year and almost met the target of 50%.

3.6.5 Finance

Benefits Administration – Additional expenditure has been incurred in respect of the necessary system enhancements in order to implement recent welfare reform changes. However, the authority has received government grant funding of £84K which will be used to offset this expenditure.

3.6.6 Housing and Neighbourhoods

Helpline – there has been a small deficit of £47K incurred during the year in relation to the one-off costs associated with the transfer of the monitoring arrangements to the City of Lincoln Council. Going forward the transfer will generate an annual saving of £150K for the Authority.

Housing Solutions – the service receives specific grant relating to the provision of the homelessness service which will be used to fund the additional expenditure incurred.

3.6.7 Legal and Democratic

Democratic Representation – overall there has been a variance of £80K including an underspend on expenditure of £23K relating to 2 members not wishing to receive their permitted allowances and 2nd homes funding has been allocated to finance a new post in the Democratic team.

3.6.8 Property Development

Building Control – income have suffered as a result of the economic climate and income is £53K below budgeted levels for 2012/13. A service improvement action plan is being developed in order to address this continuing issue and enable the chargeable element of the service to operate on a competitive basis.

Bus Stations – A re-valuation has been undertaken by the District Valuer as part of the annual re-valuation of the Council assets. This has the effect of lowering the annual depreciation capital charge and therefore a variance when compared with budgeted costs.

Car Parks - The overall outturn of 2012/13 is broadly comparable with the outturn position of 2011/12.

- Grantham car parks - there are only small movements in usage overall, the main one being Guildhall Street has less income when compared to last year (£10k) which is due to a decrease in the short stay tariffs (2 hours and less) but this has been offset by small increases at other car parks. In respect of CPE there has been a slight increase in all day tickets being sold between December and March when compared with the same period from the previous year.
- Stamford Car Parks - income is down by £47k overall compared to 2011/2012. In summary the movements in usage across years; Cattlemarket is 16% down (£20k) and North Street is 12% down (£10k). St Leonard's Street, Wharf Road and Bath Row are down by £17k in total. Significant changes in ticket purchasing profile has occurred in respect of Cattlemarket: 19% reduced on up to 3hr tickets, 15% and reduced sales on the up to 4hr tickets and North Street: 16% reduced on up to 30mins tickets, 18% reduced on up to 1hr tickets and 16% reduced on up to 2hr tickets).
- In respect of CPE there has been a similar impact on all day tickets being sold between December and March 2013 as the over 4hrs/ all day tickets have seen an increase of approximately £10k.

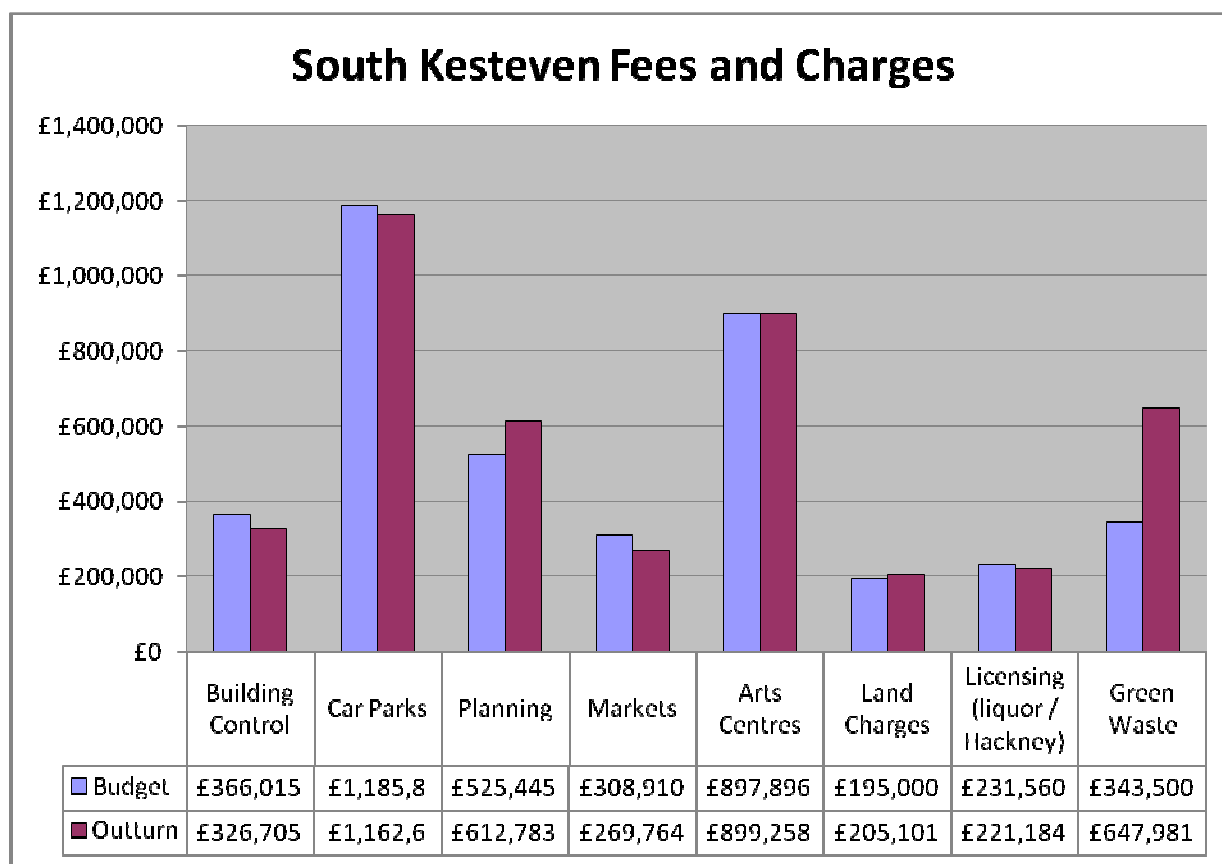
Miscellaneous Property – there has been additional income of £32K in respect of new leases for occupation of Council owned land and expenditure is reduced following savings of £41K in relation to non domestic rates.

3.6.9 Special Expense Area

Langtoft SEA – there has been a revaluation of the pavilion resulting in a reduction in capital charges. This variance will not have any impact on the Langtoft SEA reserve.

3.6.10 Income Summary

Table I – Income summary for 2012/13



3.7. HOUSING REVENUE ACCOUNT – Variance analysis

3.7.1 The housing revenue account (HRA) is a 'ring fenced' account and relates to the Council's Landlord functions. Revenue raised by rents and service charges must be sufficient to match expenditure.

3.7.2 **Housing Revenue Account** (HRA) is in a financial position at the year end where it can make the planned contribution to the loan repayment reserve of and the £500K for the formation of a HRA improvement reserve. This year end surplus is in accordance with the HRA financial plan which projects annual surpluses in order to increase its working balances to meet the construction costs of additional homes and to meet the repayment cost of the maturity loan of £25M. The table below provides a summary of the HRA for 2012/13.

Table J – HRA Summary 2012/13 Outturn

	2012/13 Estimate Base £'000	2012/13 Outturn £'000	Variance Against Estimate Base £'000	
	INCOME			
1	(22,780)	(22,734)	46	
2	(281)	(292)	(11)	
3	(1,275)	(1,298)	(23)	
4	(60)	(58)	2	
5	TOTAL INCOME	(24,396)	14	
	EXPENDITURE			
6	7,489	7,179	(310)	
7	2,637	2,592	(45)	
8	2,003	1,917	(86)	
9	296	296	0	
10	5,200	7,420	2,220	
11	23	20	(3)	
12	1,591	0	(1,591)	
13	50	30	(20)	
14	40	0	(40)	
15	TOTAL EXPENDITURE	19,329	125	
16	NET COST OF HRA SERVICES	(5,067)	139	
17	Interest Payable and Similar Charges	3,592	3,617	25
18	Interest and Investment Income	(204)	(164)	40
19	Other Operating Income (Repaid RTB discounts)	0	0	0
20	Return on Pension Assests	0	252	252
21	Net Loss impact on sale of HRA Assets	0	(497)	(497)
22	DEFICIT (SURPLUS) FOR THE YEAR ON THE HRA	(1,679)	(1,720)	(41)

3.7.3 **Dwelling rents and other income**– the performance for the collection of rents has improved during the financial year (98.7% collected compared with the target of 98.2%) and the remaining rents due will continue to be recovered during 2013/14. One significant factor in the increase in rent collection is the continued improvement in void turnaround times leading to a lower level of Council housing properties being let throughout the year. The average cumulative void ratio for 2012/2013 was 1.022%. The bad debt provision has been credited to reflect the position.

3.7.4 **Repairs and maintenance** – this budget covers expenditure on a range of work areas including insulation, painting, digital upgrades, water testing and gas servicing. The overall underspend of £306K includes 2 specific schemes that will be undertaken during 2013/14 and a year end set-a-side will be created for this purpose. These are £184K for doors and electrical assessment works at communal dwellings and £105K for the continuation of the painting works. There was an underspend of £160K in respect of an asbestos works associated with the insulation of external walls. Detailed surveys revealed that this level of expenditure was not required. There was a £44K saving in respect of the insulation works due to an external grant being awarded to fund the programme. There has also been an increase in support charges (£84K) from the general fund to reflect the increased support to the HRA undertaken during the year.

3.7.5 **Supervision and Management** – there has been an underspend of £134K which represents a variance of 4% compared with original budget. An allocation of £60K relating to this underspend has been identified for a pilot project to assist tenants to manage the changes introduced by the introduction of the housing benefit size criteria (known as the bedroom tax).

3.8. **CAPITAL EXPENDITURE**

3.8.1 During 2012/13 the Council's total capital investment was £10.369M. A summary of the expenditure is set out below and is compared to the original estimated base programme.

Table J – Capital Outturn Summary 2012/13

	Corporate Area	2012/13 Original Base	2012/13 Outturn	2012/13 Variance
		£k	£k	£k
1	Grow the Economy	4,080	1,107	(2,973)
2	Good Housing for all	900	1,710	810
3	Promote leisure and Arts	242	91	(151)
4	Keep SK green, clean	925	1,494	569
5	Well Run Council	330	988	658
6	Other (previous year scheme)	0	144	144
7	General Fund Sub Total	6,477	5,534	(943)
8	Housing Revenue Account	4,411	4,835	424
9	Total Capital Programme	10,888	10,369	(519)

3.8.2 **Capital Programme** - The capital programme for 2012/13 was agreed by Council at its meeting on 1st March 2012 and included a number of capital projects that were continuing from the previous financial year. The outturn position of £5.534M represents a variance of £943K compared with the original base.

3.8.3 **Variance Analysis – General Fund**

3.8.4 **Grow the Economy**

Bourne Core Area – during the course of the year significant progress has been made to enable the delivery of the Bourne core area project. The first phase of the project which includes the mill conversion is due to be complete in June 2013 with deposits being received in respect of all the apartments. It is anticipated the total scheme will be completed in August 2013 and the remaining budget will be fully spent to support the completion of the works.

Grantham Growth continues to be a priority for the Council and funding has been set aside for delivery of key components of the project, specifically these include Station approach, BIC, shop front schemes and the development of serviced land. These schemes will therefore continue to receive funding in 2013/14 and the underspend in 2012/13 will carry forward into 2013/14.

Budget slippages are identified for the shop front scheme project (£75K) and the serviced land (£600K) as both of these are expected to be completed during 2013/14.

3.8.5 **Support Good Housing for All**

Housing Improvement Grants – there are a number of specific schemes within this category that are utilised in accordance to customer demand and compliance with criteria. The underspends for the current year will be carried forward to use to finance future expenditure within these headings.

Local Authority Mortgage Scheme – In accordance with accounting treatment the £1M committed sum is treated as capital expenditure.

3.8.6 **Promote Leisure, Arts and Culture**

The majority of the expenditure items have been incurred in accordance with the allocated budgets. The expenditure for the new market store at Bourne will be financed by a service revenue contribution as part of the new South Kesteven Community Access Point project. No expenditure has been incurred in respect of the premises at Broad Street alterations or the replacement of the Stamford Arts Centre central heating system as both of these items are being separately considered as part of the asset management plan.

3.8.7 **Keep SK clean, green and healthy**

Four additional vehicles have been purchased in respect of the waste and recycling service. A number of these vehicles have been purchased earlier than anticipated and the budget provision had been included in the 2013/14 financial year rather than 2012/13. Therefore the budget allocation for 2013/14 can be reduced by £576K to reflect this change to the procurement profile.

The expenditure incurred in respect of the cycle path improvements, the Sudbrook sewer works and the air quality monitoring device are all classed as revenue expenditure and have therefore these have been transferred to the revenue outturn. No expenditure has been incurred in respect of joint Authority CCTV provision as the proposed project has been deferred.

3.8.8 **Well Run Council**

Area Office upgrades – the South Kesteven Community Access Point became operational in March 2013 and is providing a multi agency customer facility for the residents of Bourne and the surrounding area. During the delivery of the project the opportunity was taken to include modern agile office space on the first floor and upgrade the Corn Exchange offer. These items introduced additional costs to the project which have been partly financed from further contributions from partners which total £360k. The expenditure incurred in respect of Abbey Road alterations have been financed by service revenue contributions.

The expenditure incurred in respect of ICT systems and replacements is split between £80K for the Community Point upgrade and the balance of £151K for system upgrades, implementation of a new firewall and network improvements.

3.8.9 **Summary of Capital Outturn**

The following slippage amounts have been identified for inclusion into the 2013/14 General Fund capital programme:

- Shop front scheme – slippage of £75K
- Serviced Land – slippage of £600K
- Better Homes grant – reduce programme by £28K
- Empty Homes grant – slippage of £20K
- Street Scene Vehicle Procurement – reduce programme by £576K

3.9 **Housing Revenue Account Capital Programme** – the capital programme for 2012/13 was set at £4.411M. A forecast position was undertaken in January 2013 to £4.404M (and presented in the 2013/14 budget estimates to Council in March 2013). The outturn for 2012/13 is £4.835M. This represents a variance of £424K compared to original budget.

3.9.1 Variance Analysis HRA

Repairs and Improvement – the schemes with respect to upgrading sheltered housing schemes, replacement of the passenger lift at Rectory Close Barrowby, refurbishment works at Rectory Close Barrowby and the new scooter store at Hilary close Stamford have all been completed with an overall underspend saving of £180K. This is partially due to a reduction in works carried out at Rectory Close, Barrowby, but also a reflection on the competitive tenders received.

Heating and ventilation – the scheduled programme of works for 2012/13 has been completed with an overspend of £67K which is a budget variance of 4.7%. This increase in expenditure reflects the cost of essential and unforeseen works on this area of the programme

Property refurbishments – Two long term voids at 25 Halfleet, Market Deeping and 2 Paddocks Estate, Horbling were refurbished following consultation with housing management. The costs of these refurbishments were £41K and £27K respectively; the decision to refurbish these properties and bring them back into the housing stock was taken due to the housing need in these areas. In addition 8 properties which became vacant during the year at Wood View, Bourne had new staircases installed at a cost of £75K. This work was necessary due to the original design of the staircases which were a health and safety risk. 88 properties were completed as major voids during 2012/13 using an external measured term contract which includes turn round timescales to further reduce void times – a report is being prepared with respect to a financial appraisal on the benefits of investing in the properties to ensure a faster turn rounds versus loss of rent. Earlier reference is made in paragraph 5.3 to the average cumulative void ratio being 1.022% for 2012/13. These properties are also brought up to the decent homes standard whilst void, which will result in a comparable reduction in decent homes expenditure for specific elements of works in 2013/14. The approximate costs of these particular works were £90K. These works resulted in an overall overspend of £622K which will be met by the Major Repairs Reserve.

Re-roofing - Additional costs have been incurred on this contract during 2012/13 due to the licensed asbestos removal of AIB soffits on a number of properties. As these works incorporate improvement works in respect of chimney works and essential works the combined budgets of £150K will be used to offset the additional £385K that has been incurred. In total an additional 222 properties were improved during last year which will reflect in proportional reductions in the Decent Homes programme of work between now and March 2015.

Re-wiring – an underspend of £55K due to a reduction in the number of properties requiring re-wiring during 2012/13 as a result of the implementation of a pre inspection testing programme.

Upgrade tunstall system £82K – this proposal was not taken forward following the decision to transfer the monitoring of the helpline customers to City of Lincoln Council.

Vehicle Management system for repairs – the budget of £50K has been slipped in 2013/14 following the implementation of the mobile craftworking project. The need for this additional systems will be evaluated once the mobile system is fully operational.

Mobilisation of craft working software – £30K of this budget has been incurred during 2012/13 (charged to revenue as non-enhancing expenditure) and the balance of £74K will be incurred in 2013/14 when the system has been installed, tested, is fully operational and capable of delivering efficiency savings.

4. OTHER OPTIONS CONSIDERED

None applicable

5. RESOURCE IMPLICATIONS

None applicable

6. RISK AND MITIGATION

None applicable

7. ISSUES ARISING FROM EQUALITY IMPACT ANALYSIS

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