

REPORT TO RESOURCES PDG

REPORT OF: HEAD OF FINANCE

REPORT NO: HOF252

DATE: 3rd October 2013

TITLE:	Financial Report for 2013/14 – Monitoring Information	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	None	
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 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	HOF225 – Determination of Budget 2013/14 HOF246 – Resources Monitoring Information 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 the forecast outturn covering 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 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 1st April – 31st July 2013

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 July 2013, shows a forecast underspend of £100k 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	Forecast outturn £'000	Forecast variance £'000
Community Assets	2,952	460	435	(25)	2,904	(48)
Corporate	2,460	546	529	(17)	2,413	(47)
Development & Growth	2,355	290	333	43	2,130	(225)
Environmental Services	5,856	579	518	(61)	5,775	(81)
Finance	4,099	1,894	1,862	(32)	4,052	(47)
Housing & Neighbourhoods	588	111	90	(21)	570	(18)
Legal & Democratic	1,585	365	352	(13)	1,570	(15)
People, Projects & Performance	2,003	522	530	8	2,011	8
Property Development	1,450	107	148	41	1,623	173
Special Expense Areas	605	58	53	(5)	605	0
Workforce Efficiency Target	(357)	(119)	0	119	0	357
Recharged to Services	(7,367)	0	0	0	(7,367)	0
Cost of Service	16,230	4,813	4,850	37	16,286	56
Set-Asides 2012/13	(611)	0	0	0	(608)	3
Reserve Financing	0	0	0	0	(159)	(159)
Net Cost of Service	15,619	4,813	4,850	37	15,518	(100)

Key Forecast Variances by Corporate Area

Community Assets

- Markets - There is a forecast reduction on market income of £16k (mainly Grantham) due to change in the number of market traders who are now paying for casual stalls as opposed to fixed.
- Leisure Centres - The council has recently finalised a new leisure trust delivery model which will reduce the annual management fee. The estimated pro-rotta saving for 2013/14 is £58k.

Development and Growth

- Economic Development – Due to the Public Realm scheme now being aggregated within the wider development for St Peters Hill it is now anticipated the full budget will not be required to be spent during 2013/14 and is anticipated to be spent in 2014/15.
- Georgian Festival – The original festival budget did not include any forecast income predictions but it is now anticipated there will be ticket sales and grants totalling £12k which will reduce the overall project spend.
- Gravity Fields – Following a review of the spending profile for this project it is now anticipated £22k will now be spent in 2014/15 resulting in an in-year underspend
- Planning - income is lower than budgeted levels by 12% which is mainly due to a reduction in the number of major applications received at this point in the year when compared with the same period in 2012/13. Therefore, a forecast shortfall of £50k is anticipated.
- Land Charges - Income levels are up compared to profiled budget which is expected to continue for the remainder of the year and therefore additional income of £12k has been forecast.

Environmental Services

- Waste Management - As a result of the transfer of the dry recyclables arrangements there is likely to be a budget variance of £107k based on reduced tonnage payments. This additional expenditure will be met within the in-year budget framework.
- CCTV and Private Sector Landlords – During the budget setting process for 2013/14 no confirmation had been received from either LCC or the PCC regarding second homes funding and therefore it was not included within the budget framework. The Council has now received confirmation these monies will be paid which will be used to meet specific expenditure within the work of CCTV and Private sector landlords.

Finance

- Salaries - There are forecast underspend of £29k across these corporate area which mainly relates to salary underspend due to vacancies, specifically within the Finance and Risk Management and ICT service areas.

Property Development

- Building Control – income is 18% down compared to the profile budget and based on a rolling 12 month average there is a monthly shortfall of £3k which is resulting in a forecast shortfall of £55k.
- Car Parks – income levels are below the profiled budget specifically in Stamford which is 12% down year to date and as a result a forecast shortfall of £85k is being predicted at this time.

HRA

- 3.2 The financial position as at 31st July 2013, shows a year to date overspend of £87k which is summarised in the table below:

Table B - HRA Total Revenue Summary

Area	Annual Budget £'000	YTD Budget £'000	Net Spend To Date £'000	YTD Variance £'000	Forecast Outturn £'000	Forecast Variance £'000
Income	(24,197)	(8,069)	(8,108)	(39)	(24,211)	(14)
Expenditure	11,448	3,267	3,271	4	11,391	(57)
Support Services	921	136	122	(14)	921	0
Other Expenditure	8,892	1,865	1,865	0	8,892	0
Interest	3,170	1,057	1,057	0	3,170	0
Total Expenditure	24,431	6,325	6,315	(10)	24,374	(57)
Recharged to Services	(921)	0	0	0	(921)	0
Set-Asides 2012/13	(349)	0	0	0	(349)	0
Workforce Efficiency Target	(108)	(36)	(36)	0	(108)	0
Deficit/ (Surplus)	(1,144)	(1,780)	(1,829)	(49)	(1,215)	(71)

- Income – the current void rate is running at 0.84% against a budget figure of 1.5% on dwelling rent income which is therefore resulted in additional income compared to the profiled budget. However it is worth noting that since the introduction of the spare bedroom subsidy there is a progressive increase in the number of tenants falling into arrears (currently £103k)

- Expenditure – the forecast underspend mainly relates to employee costs in a small number of service areas. Service delivery is being maintained without the need to fill the vacancies at the present time.

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 C - Capital Programmes

Programme	Annual Budget £'000	YTD Budget £'000	Total Spend to Date £'000	YTD Variance £'000	Forecast outturn £'000	Forecast variance £'000
General Fund	7,202	1,433	1,787	354	5,671	(1,531)
HRA	6,000	941	1,122	181	6,200	200
Total	13,202	2,374	2,909	535	12,200	(1,331)

General Fund

- Business Innovation Centre (BIC) – due to the CPO for station approach not proceeding alternative options are being discussed with respect to the Growth Point projects, however the full budget may not be spent during 2013/14 (£250k)
- Station Approach – the budget £1.1m may not be spent during the financial year as the project is being reviewed.
- Better Homes – active marketing is being undertaken in order to maximise the take up of the grants available for home owners.
- Empty homes – the project review work has identified less properties than expected that could utilise and access funding under the empty homes programme, therefore an underspend of £64k on empty homes has been predicted

HRA

- Purchase of land – there have been 2 asset acquisitions (£200k) which will be funded from the HRA Reserves in order to progress the delivery of the HRA business plan of strategic housing build schemes.

3.4 Headcount and Budgets

- The position as at 31st July 2013 shows that against an original FTE budget of 609.8 the actual FTE (including agency and wages staff) is 597.2 which equates to a variance of (12.6) FTE

3.5 Local Authority Mortgage Scheme (LAMS)

The scheme was went live in June 2012 and an analysis of the take up of the scheme is provided below. Active marketing is underway with our banking partners with the Council taking a proactive role in ensuring the scheme is well advertised in the district in order to assist those seeking to purchase their first home.

Month	Offers made in month (cumulative total)	Completed	Cumulative indemnity amount
July 2012	1	-	£19,800
August 2012	2 (3)	-	£61,800
September 2012	3 (6)	2	£111,550
October 2012	5 (11)	2	£183,150
November 2012	2 (13)	5	£213,600
December 2012	2 (15)	8	£251,400
January 2013	2 (17)	13	£288,400
February 2013	4 (21)	14	£364,375
March 2013	3 (24)	16	£425,650
April 2013	2 (26)	18	£450,650
May 2013	3 (29)	21	£518,225
June 2013	5 (34)	22	£608,738
July 2013	6 (40)	24	£671,450*

*Remaining indemnity as at 31 July 2013 £328,550

In term of postcode analysis, the 40 applications received to date are received in respect of the following postcode areas:

NG31 – 32

NG32 – 1

NG33 – 1

PE9 – 6

At the Council meeting in July 2013 a further £1M was approved to support the scheme and the maximum loan size per application was increased to £147,250 in order to increase the take up of the scheme in the PE9 area.

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