

REPORT TO RESOURCES PDG

REPORT OF: HEAD OF FINANCE

REPORT NO: HOF259

DATE: 28th November 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 HOF252 – 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 review the comments and figures contained in this report and identify any variances that require further action.

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 third report for the current financial year and includes activity for the financial year 1st April – 30th September 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 30th September, shows a forecast underspend of £321k 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	Forecast movement £'000
Community Assets	2,953	665	537	(128)	2,835	(118)	(70)
Corporate	2,419	781	792	11	2,400	(19)	28
Development & Growth	2,311	532	468	(64)	1,949	(363)	(138)
Environmental Services	5,834	1,228	1,235	7	5,747	(87)	(6)
Finance	4,099	2,465	2,361	(104)	4,035	(64)	(17)
Housing & Neighbourhoods	588	182	144	(38)	549	(39)	(21)
Legal & Democratic	1,586	477	465	(12)	1,567	(19)	(4)
People, Projects & Performance	2,003	785	813	28	2,024	21	13
Property Development	1,463	323	559	236	1,635	172	0
Special Expense Areas	605	120	115	(5)	608	3	3
Workforce Efficiency Target*	(357)	(178)	0	178	0	357	0
Recharged to Services	(7,367)	0	0	0	(7,367)	0	0
Cost of Service	16,137	7,380	7,489	109	15,982	(156)	
Set-Asides 2012/13	(518)	0	0	0	(515)	3	0
Reserve Financing	0	(17)	(17)	0	(168)	(168)	(9)
Net Cost of Service	15,619	7,363	7,472	109	15,299	(321)	(221)

The previous report presented to Resources PDG on the 3rd October 2013 identified forecast underspend of £100k as at the end as at the 31st July 2013 which is a movement of £221k of which the key variances are summarised below.

Key Forecast Movement Variances by Corporate Area

Community Assets

- Leisure Centre – the council has received back dated feed in tariff income of £55k from the installation of PV panels on the Bourne and Stamford leisure centre. Further tariff income is expected for the Meres leisure centre but as at this point the exact amount has not yet been calculated.

Development and Growth

- Planning Income – there has been 3 significant applications received for Solar farms totalling £105k and a wind farm totalling £45k which have helped to improve the forecast outturn position by £108k after taking this into account. The outturn position also includes the anticipated £125k major application fee for the Southern Quadrant which is expected in January 2014.
- Georgian Festival – following completion of this project the overall spend has been less than anticipated with contingency budgets not being required resulting in a underspend of £9k.
- Planning Policy – Whilst grants of £40k have been received in respect of the new neighbourhood planning requirements the anticipated spend of £23k (agreed set-a-side from 2012/13) is no longer expected. This is due to Parishes not reaching examination stage during this financial year which would then have incurred external examiners fees. In addition to this some costs associated with the GAAP will now be incurred during 2014/15 due to the examiners timetable and the anticipated costs on the Strategic Housing Market Assessment where less than forecast resulting in a total forecast underspend of £21k. However, this is funded from legacy HPDG which will roll forward to 2014/15.

Finance

- WiFi Rural Initiatives - The focus of this project is to pilot 5 community points this year with the extended rollout occurring in 2014/15 resulting in an in-year underspend of £25k.

Housing and Neighbourhoods

- Housing Solutions – it has been agreed to extend the interim solution relating to the service manager vacancy therefore additional savings of £20k have now been incorporated into the forecast outturn.

Housing Revenue Account

3.2 The financial position as at 30th September, shows a forecast underspend of £9k which a movement of £62k from the previous forecast underspend of £71k as at the end as at the 31st July 2013 of which the key variances are summarised 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	Forecast movement £'000
Income	(24,197)	(12,079)	(12,095)	(16)	(24,208)	(11)	3
Expenditure	11,448	5,509	5,410	(99)	11,450	2	59
Support Services	921	167	151	(16)	921	0	0
Other Expenditure	8,892	2,835	2,835	0	8,892	0	0
Interest	3,170	1,585	1,585	0	3,170	0	0
Total Expenditure	24,431	10,096	9,981	(115)	24,433	2	2
Recharged to Services	(921)	0	0	0	(921)	0	0
Set-Asides 2012/13	(349)	0	0	0	(349)	0	0
Workforce Efficiency Target	(108)	(54)	0	54	(108)	0	0
Deficit/ (Surplus)	(1,144)	(2,037)	(2,114)	(77)	(1,153)	(9)	62

- Income – the current void rate is running at 1.08% 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 £130k)

Expenditure

- Business Services – Additional staffing costs of £9k have now been incorporated into the forecast for the consultation and management officer, however this is being funded from the HRA improvement reserve.
- Repairs and improvements – due to a change in using contractors rather than the in-house team for Solid fuel servicing additional costs of £25k have now been incorporated into the forecast outturn.
- Works Team – additional general building costs are being incurred due to use of contractors for specialist trades e.g. roofing works. Therefore the forecast outturn has increased by £22k.

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	Forecast Movement £'000
General Fund	7,202	2,598	1,993	(605)	3,668	(3,534)	(2,003)
HRA	6,000	1,898	2,337	439	6,113	113	(87)
Total	13,202	4,496	4,330	(166)	9,781	(3,421)	(2,090)

General Fund

- Shop Front Scheme – whilst a number of applications have recently been received it is unlikely all the budget will be spent in this financial year and therefore slippage of £40k is now expected.
- Strategic Land Acquisition – following the recent purchase of land at Vantage Park at this point in time no further sites have been identified and therefore a potential shortfall of £282k is currently being forecast.
- Service land – once the remedial works are complete on Vantage Park no further costs are expected to be incurred during 2013/14 resulting in a potential underspend of £1.6m.

HRA

- Repairs Vehicle Management System – an options appraisal are currently being undertaken on the most appropriate way to progress this scheme and therefore it is unlikely any money will be spent during 2013/14 resulting in an £50k underspend.

3.4 Headcount and Budgets

- The position as at 30th September 2013 shows that against an original FTE budget of 609.8 the actual FTE (including agency and wages staff) is 593.5 which equates to a variance of (16.4) 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*
August 2013	3 (43)	27	£739,446
Sept 2013	4 (47)	29	£841,646

*Remaining indemnity as at 30 September 2013 £158,354.

In term of postcode analysis, the 47 applications received to date are received in respect of the following postcode areas:

NG31 – 36
 NG32 – 1
 NG33 – 2
 PE9 – 8

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. Lloyds Bank has recently confirmed it's continued commitment to the LAMS scheme to complement the national Help to Buy scheme.

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