

# REPORT TO CABINET

REPORT OF: ASSETS AND RESOURCES PORTFOLIO  
HOLDER

REPORT NO.: CHFCS06

DATE: 1<sup>st</sup> December 2008

<b>TITLE:</b>	Financial Position 2008/09: Forecast outturn
<b>FORWARD PLAN ITEM:</b>	N/A
<b>DATE WHEN FIRST APPEARED IN FORWARD PLAN:</b>	

<b>KEY DECISION OR POLICY FRAMEWORK PROPOSAL:</b>		
<b>COUNCIL AIMS/ PORTFOLIO HOLDER NAME AND DESIGNATION:</b>	Cllr Mrs Maureen Spencer-Gregson O.B.E. Assets and Resources Portfolio Holder	
<b>CORPORATE PRIORITY:</b>	Quality Organisation	
<b>INITIAL IMPACT ASSESSMENT:</b>	<b>Carried out and appended to the report:</b>	<b>Full impact assessment required:</b>
Equality and Diversity	N/A	
Crime and Disorder	N/A	
Risk	N/A	
Climate Change	N/A	
Health and Safety	N/A	
Data Quality	N/A	
<b>FREEDOM OF INFORMATION ACT:</b>	This report is publicly available via the Local Democracy link on the Council's website: <a href="http://www.southkesteven.gov.uk">www.southkesteven.gov.uk</a>	
<b>BACKGROUND PAPERS:</b>	None	

## **1. INTRODUCTION**

In order to ensure good 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 provides the forecast outturn position. The report provides a summary position of the anticipated outturn position against original budget covering the following areas:

- General Fund Revenue Budget
- Housing Revenue Account Revenue Budget
- General Fund Capital Programme
- Housing Capital Programme

## **2. RECOMMENDATION**

Cabinet is asked to note the figures included within the report and the relevant explanations provided.

## **3. DETAILS OF REPORT**

### General Fund Revenue Budget

The approved budget by Council for 2008-09 is £18.042m and the current projected outturn position after 6 months is £17.203, which is a projected underspend of £0.893m.

The projected underspend takes into account the reduction on income for fees and charge in areas including car parking and development control which is in the region of £0.699m.

The projected underspend relates to a number of areas across the Council which are outlined in the table below

<b>Variances</b>	<b>£k</b>
Salaries	(325)
Economic Development	(125)
Leisure Contract	(52)
Council Offices	(100)
Service specific underspends	(265)
Training	(40)
Concessionary Travel	(320)
Insurance	(125)
Other underspends	(240)
Fees and Charges	699
<b>Projected Underspend</b>	<b>(893)</b>

The savings on salaries are due to vacancies during the course of the year and is on target to deliver the Council's workforce efficiency target of 2%. In respect of concessionary travel, the Council is awaiting the first 6 months actual usage information for the scheme which may result in the forecast outturn being reviewed. If the forecast remains less than budget there will be an opportunity to identify a revenue reserve in order to financially protect the Council for the future years of the scheme whilst it remains the responsibility of the district council. This will be determined as part of the year end closure process. Savings on the leisure contract are due to the establishment of a leisure trust during 2008-09. Additional savings on expenditure for the Council Offices including premises related expenditure and printing have been identified. Service review budgets on market testing and 'Invest to Save' initiatives will not be fully utilized in the current year. The Councils corporate training budget is forecast to underspend in the current financial year. Economic Development has generated additional income following the awarding of external grants. The Council has renewed its insurance contract during 2008-09 which has generated savings due to a lower contract price.

Given the current economic climate in which the Council is operating in, the forecast underspends will be transferred to a central provision in order to protect them. This will be undertaken only where there is clear evidence that service delivery will not be affected. This course of

action is to ensure the Council has provision to meet any change in the outturn position over the remaining 6 months of the year (including any further deterioration of the income budgets) without the need for Council to use it's reserves or working balance. This is prudent budget management which will also protect the taxpayer. However this course of action will be constantly reviewed and any positive improvement in the forecast will allow resources to be re-deployed if necessary.

#### Housing Revenue Account Budget (HRA)

The budgeted deficit on the HRA for 2008-09 was £2.741m and the current forecast outturn position is a reduction of £0.170m in the deficit to £2.571m.

There are a number of under and over spends on the services within the housing revenue account which are contributing the reduction in the forecast deficit which are outlined in the table below:

<b>Variance</b>	<b>£k</b>
Repairs	425
Tenancy & Neighbourhood	(240)
Tenancy Business	(101)
Repairs Admin	(87)
Communal Heating	(86)
Other Under-spends	(81)
<b>Net Reduction in Deficit</b>	<b>(170)</b>

The main reduction in the projected deficit relates to the underspend on supplies and services for items such as computer stationary (£0.046m), software purchases (£0.069m) and consultancy budgets (£0.039m). However, the projected overspend on repairs is mainly in the area of responsive repairs – specified works. This increase in forecast expenditure is currently being fully investigated in order to implement an alternative course of action that will reduce any forecast overspend. In any event the service will ensure any overspend on this budget heading is met by underspends elsewhere within the HRA. However the increased costs in respect of repairs are in urgent need of a thorough review in order to ensure the proposed budget for 2009/10 is set at a realistic and sustainable level.

### General Fund Capital Programme

The capital programme for 2008-09 as agreed by Council in September 2008 is £4.546m and the projected outturn position is £3.607m which is an underspend of £0.939m.

The underspend relates mainly to the budget for town centre development (not specified) and also vehicle procurement arrangements being reviewed (£0.157m).

### Housing Revenue Account Capital Programme

The capital programme for 2008-09 as agreed by Council in September 2008 is £7.512m and the projected outturn position is £5.287m which is an underspend of £2.225m.

The underspend relates mainly to the Kitchen and Bathrooms programme which is due to slip into the 2009-10 financial year (£1.700m). This slippage will be taken into account when preparing the 2009-10 capital programme having regard for the outcome of the stock condition survey. In addition to this the use of IT capital budgets for Total Repairs and Mobilisation (£0.213m) have been put on hold pending the outcome of the 'lean Systems Review'. There is also slippage on the Fire Risk Assessment of £0.150m due to a delay in the commencement of the work. Finally there is a projected underspend on Disabled Adaptations of £0.162m. However this is dependant on the number of referral cases the Council receives.

## **4. COMMENTS OF SECTION 151 OFFICER**

My comments are included in the report

## **5. COMMENTS OF MONITORING OFFICER**

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.

## **6. CONCLUSION/SUMMARY**

Members are asked to note the current projected outturn against budget as part of the Councils budget monitoring and management process. Financial services will continue to work in conjunction with

service managers to monitor any changes in the forecast outturn position.

## **7. CONTACT OFFICER**

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