

# REPORT TO CABINET

REPORT OF: ASSETS AND RESOURCES PORTFOLIO HOLDER

REPORT NO.: CHFCS32

DATE: 9<sup>th</sup> March 2009

<b>TITLE:</b>	Financial reports for 2008/09 – Monitoring Information and 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>	CHFCS06	

## 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
- Capital Programme
  - General Fund
  - HRA

## 2. RECOMMENDATION

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

## 3. DETAILS OF REPORT

### General Fund Revenue Budgets

The latest forecast up to January 2009 predicts an underspend of £568k which is summarised in the table below

<b>Corporate Area</b>	<b>January £k</b>
Finance & Customer Services	163
Healthy Environment	(10)
Partnership & Improvement	(271)
Resources And Org Development	317
Special Expenses Area	4
Sustainable Communities	367
Council Savings Identified during 2008/09	(984)
Workforce Efficiency	250
<b>Projected Corporate Underspend</b>	<b>(164)</b>
<b>Spend funded by reserves and other funding sources</b>	<b>(404)</b>

A summary of the key issues on the general fund is provided below:

- Finance and customer service forecast overspend mainly relates to pension costs for payments regarding officers however these additional costs will be financed from reserves set aside for this.
- Healthy Environment projected underspend is mainly on salary underspends within Environmental Protection and Healthy Communities.
- Partnerships and Improvement underspend relates to a number of expected underspends across services within this corporate area. These include salaries in CCTV, Community safety and communication and second homes income not previously budgeted for.
- The forecast overspend in Resources and Organisation Development mainly relates to forecast shortfall in income on car parks and additional footway lighting costs.
- The projected shortfall in income on areas such Development Control, Land Charges and Building Control have contributed to the overspend in Sustainable Communities. In addition to this there have been unforeseen appeal costs in respect of a planning determination but this will be funded through the Insurance Reserve at year end (see note below). There also an expected overspend on private sector housing identified which will be funded through capital programme allocations.
- The Council has identified savings of £984k during 2008-09 that have been transferred to a central provision. Given the current economic climate in which the Council is operating in e.g. reduced levels of income being received, a central provision has been made in order to protect them. This has been undertaken only where there was 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 3 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.
- Some areas of spend included above will be funded from reserves and other funding sources at the financial year end. These included the planning appeal from the insurance reserve (£110k), pension payments from the pension reserve (£144k) and private sector housing work funded through capital allocation (£150k).

### HRA Revenue Budgets

The budgeted deficit on the HRA for 2008-09 was £2.740m and the current forecast outturn position is a reduction of £0.232m in the deficit to £2.508m.

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	385
Tenancy & Neighbourhood	(298)
Tenancy Business	(88)
Repairs Admin and Improvements	(163)
Communal Heating	(86)
Sheltered and Supported Housing	(32)
Provision for bad debts	50
<b>Net Reduction in Deficit</b>	<b>(232)</b>

A summary of the key issues on the HRA is provided below:

- The repairs service is expected to be overspent on the budget heading of specified works which includes high spend areas such as fencing, footpaths, plastering and re-lets. In addition to this there are also overspends on salary and agency employee costs for posts such as repairs coordinators and gas serving.
- Tenancy and Neighbourhood is due to be underspent across a number of headings including staffing, grounds maintenance and disturbance allowances.
- Tenancy Business services is expected to be underspent due to a number of savings within supplies and services covering items such as IT purchase, postage and stationery.
- The projected underspend on Repairs Administration and improvements is mainly due to reduced spend on specified works such as asbestos, car parks and hard standings and solid fuel. In addition to this there are also other underspends on IT purchase and consultancy.
- The Communal heating service is expecting an underspend on its utility budget.

- Sheltered Housing is expected to be underspent due to savings on staff vacancies.

### Capital Budgets

A revised Capital Programme for 2008/09 was approved by Council in September 2008 and the current outturn position against this budget is.

	<b>Budget</b>	<b>Projected Outturn</b>	<b>Variance</b>
<b>General Fund</b>	<b>£4.546m</b>	<b>£3.574m</b>	<b>(£0.972m)</b>
<b>HRA</b>	<b>£7.512m</b>	<b>£4.439m</b>	<b>(£3.073m)</b>

### General Fund

The following key issues should be noted for the general fund:

- The Town Centre Projects Unallocated provision of £750k will not be utilised in 2008/09.
- The window replacement for Grantham Council Offices of £100k is expected to be under budget by £25k due to savings on the expected contract price.
- Cemetery works at Grantham will cost less than budgeted, with an expected saving totalling £81k
- The new housing developments for Grantham is due to be underspent by £100k as no other sites have been identified.
- An underspend of £90k on Disabled Adaptations is expected due to difficulties with grants previously awarded.

### HRA

The following key issues should be noted for the HRA:

- Upgrading of the sheltered housing scheme is forecast to be underspent by £90k against a budget of £300k due to the commencement of one scheme being put back to 2009/10.
- Structural Repairs is due to be underspent by £90k compared with a budget of £240k as no further schemes have been identified.
- An underspend on passenger lifts of £85k against a budget of £120k is likely due to difficulties in identifying suitable locations. This underspend will slip into 2009/10 programme.
- Slippage on windows of £220k into 2009/10 against a budget of £260k is expected due to delays in commencing the contract.
- An underspend on property refurbishments is expected of £8k.
- Slippage of £160k for Electrical rewires (budget of £326k) is expected due to delays in commencing the contract.

- The Kitchen and Bathrooms programme (budget of £3.987m) is due to slip into the 2009/10 financial year by £1.818m due to delays in agreeing the contracts and having regard for the outcome of the stock condition survey currently being undertaken.
- The communal doors programme of £160k is expected to slip by £149k into 2009/10 due to delays in tendering for contracting the work.
- Slippage into 2009/10 on the Fire Risk Assessment and Disability Discrimination Act works of £275k against a budget of £300k is due to a delay in the commencement of the work.
- Disabled Adaptations (budget of £232k) is predicted to be underspent by £157k due to the low number of referral cases that require capital expenditure.
- A projected underspend on Garages of £25k as no locations have been identified
- The use of IT capital budgets for Total Repairs (£42k) and Mobilisation (£171k) have been deferred until 2009/10 pending the outcome of the 'systems thinking review'.
- The heating and ventilation programme is expected to have an overspend in the region of £217K. This is predominantly in respect of gas boiler replacements at Council properties.

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

My comments are contained within the body of 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 comments and figures contained within this report

#### **7. CONTACT OFFICER**

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