

# REPORT TO CABINET

REPORT OF: Corporate Head, Finance and Customer Services

REPORT NO: CHFCS74

DATE: 7 December 2009

|   |  |                                  |
|---|--|----------------------------------|
| <b>TITLE:</b>                                     | Financial reports for 2009/10 – Monitoring Information and forecast Outturn  |                                  |
| <b>KEY DECISION OR POLICY FRAMEWORK PROPOSAL:</b> | N/A  |                                  |
| <b>PORTFOLIO HOLDER: NAME AND DESIGNATION:</b>    | Councillor Mike Taylor<br>Resources and Assets Portfolio Holder  |                                  |
| <b>CONTACT OFFICER:</b>                           | Richard Wyles – Corporate Head of Finance and Customer Services<br>01476 406210<br>Email: <a href="mailto:r.wyles@southkesteven.gov.uk">r.wyles@southkesteven.gov.uk</a> |                                  |
| <b>INITIAL IMPACT ASSESSMENT:</b>                 | Carried out and Referred to in paragraph (7) below:  | Full impact assessment Required: |
| <b>Equality and Diversity</b>                     | N/A  |                                  |
| <b>FREEDOM OF INFORMATION ACT:</b>                | This report is publicly available via the Local Democracy link on the Council's website:<br><a href="http://www.southkesteven.gov.uk">www.southkesteven.gov.uk</a>       |                                  |
| <b>BACKGROUND PAPERS</b>                          | CHFCS49, CHFCS61   |                                  |

## 1. RECOMMENDATION

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

## 2. PURPOSE OF THE REPORT

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 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

## 3. DETAILS OF REPORT

### General Fund Revenue Budgets

The forecast for the year end as at 30 September 2009 projects an underspend of £303k which is summarised in the table below

| <b>Corporate Area</b>       | <b>Budget</b> | <b>Actual's<br/>To Date</b> | <b>Forecast</b> | <b>Variance</b> |
|-----------------------------|---------------|-----------------------------|-----------------|-----------------|
|                             | <b>£'000k</b> | <b>£'000k</b>               | <b>£'000k</b>   | <b>£'000k</b>   |
| Finance & Customer Services | 2,418         | 1,222                       | 2,344           | (74)            |
| Healthy Environment         | 5,302         | 1,338                       | 5,188           | (114)           |
| Partnership & Improvement   | 3,551         | 795                         | 3,128           | (423)           |
| Resources & Org Development | 2,643         | 106                         | 3,054           | 411             |
| Special Expenses Area       | 643           | 125                         | 626             | (17)            |
| Sustainable Communities     | 3,543         | 1,226                       | 3,457           | (86)            |
| <b>Total</b>                | <b>18,100</b> | <b>4,812</b>                | <b>17,797</b>   | <b>(303)</b>    |

A summary of the key issues in respect of the forecast position in respect of the General Fund is provided below:

### **Finance and Customer Services**

- Salary related underspends have occurred in Customer Services during the course of the year following a review of aligning customer needs with appropriate resources.

### **Healthy Environment**

- Building Control staff are temporarily undertaking work within Environmental Protection service to cover vacancies and this initiative is utilising in-house skills and resources.

### **Partnerships and Organisational Improvement**

- There is currently a forecast underspend in respect of budgets on the 'Invest to save budget' and Community Fund budget.
- Salary related underspend in Business Transformation service is expected due to delays in recruitment.
- Communications Services is forecasting an underspend on salaries and consultancy costs as SKToday is now being prepared in house.

### **Resources and Organisational Development**

- A full year impact of Business Rates and leisure management fee costs have been factored into the forecast outturn as the anticipated savings on leisure services are not going to be achieved. Council has approved an in-year supplementary estimate to the budget framework (report CHFCS.61) in order to meet these unanticipated costs. The financing decisions in respect of the outturn position will be taken as part of the closure of the accounts.
- The market service is forecasting an overspend due additional salary costs on wages, overtime and casual workers. This is currently being reviewed by the service area in order to reduce costs. There is also an expected shortfall in income in respect of the Grantham market.

### **Sustainable Communities**

- Building control service is currently forecasting a shortfall on income of £74k.
- Additional expenditure is now expected in respect of planning appeal costs totalling approximately £100k. This will be funded from the insurance reserve as part of the closure of accounts process.
- There is a anticipated underspend on Economic Development due to a vacant Economic Development officer post and additional funding received in respect of Economic Development initiatives.
- Delays with the commencement of the Choice Based Lettings initiative due to on-going discussions with other partners. This is expected to result in an underspend within the Housing Solutions Service.
- Planning policy has a forecast underspend mainly relating to the Local Development Framework.

### Housing Revenue Account Budgets

The original budgeted deficit on the HRA for 2009-10 is £1.823m and the current forecast outturn position is a reduction of £0.305m in the deficit to £1.518m.

There are a number of key variances in the service budgets within the Housing Revenue Account which are contributing to the reduction in the forecast deficit which are detailed in the table below:

| <b>Variance</b>                 | <b>£k</b>    |
|---------------------------------|--------------|
| Resident Involvement            | (18)         |
| Housing Rents                   | (134)        |
| Negative Housing Subsidy        | 81           |
| Repairs Admin                   | (15)         |
| Improvements                    | (144)        |
| Sheltered Housing               | (25)         |
| Other movements                 | (50)         |
| <b>Net reduction in Deficit</b> | <b>(305)</b> |

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

- There is a forecast increase in the Housing Rent income expected due to the void rate currently being lower than budgeted for.
- An increase in the negative housing subsidy payment is required following the completion of the interim mid-year review.
- Due to a Service manager vacancy and supplies and service savings, an underspend is forecasted in the repairs administration team service area.
- In the improvements service there is a underspend within specified works on Insulation and asbestos works.
- There is currently a scheme manager vacancy within the Sheltered Housing team.

## Capital Budgets

A revised capital programme for 2009/10 was approved by Council in June 2009 and the current outturn position against budget is:

|                     | <b>Budget</b>  | <b>Projected<br/>Outturn</b> | <b>Variance</b>  |
|---------------------|----------------|------------------------------|------------------|
| <b>General Fund</b> | <b>£4.589m</b> | <b>£3.816m</b>               | <b>(£0.773m)</b> |
| <b>HRA</b>          | <b>£4.631m</b> | <b>£4.491m</b>               | <b>(£0.085m)</b> |

### General Fund

The following key variances should be noted for the General Fund:

- A budget for an additional waste freighter has been identified as a contingency requirement that may not be required (£114k).
- Slippage on Warm front top up grants due to reduction in demand. (£100K).
- Forecast underspend in respect of the Grantham Innovation and Enterprise Centre project contribution which is not now expected to occur this financial year (£200k).
- There is an ongoing review of the area office upgrade requirements and this project may now slip into the next financial year (£240k).

### HRA

The following key variances should be noted for the HRA:

- There is further work being undertaken in respect of the preferred method to deliver Choice based letting service and any capital related expenditure is therefore on hold pending the outcome - £50k.

## **4. OTHER OPTIONS CONSIDERED**

None applicable

## **5. RESOURCE IMPLICATIONS**

None applicable

## **6. RISK AND MITIGATION (INCLUDING HEALTH AND SAFETY AND DATA QUALITY)**

None applicable

**7. ISSUES ARISING FROM EQUALITY IMPACT ASSESSMENT**

None applicable

**8. CRIME AND DISORDER IMPLICATIONS**

None applicable

**9. COMMENTS OF SECTION 151 OFFICER**

My comments are included in the report.

**10. 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.

**11. APPENDIX:**

None