

REPORT TO RESOURCES PDG

REPORT OF: HEAD OF FINANCE

REPORT NO: HOF187

DATE: 19 JANUARY 2012

TITLE:	Financial reports for 2011/12 – Monitoring Information and Budget progress 2012/13	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	N/A	
PORTFOLIO HOLDER: NAME AND DESIGNATION:	Councillor Mike Taylor Resources and Assets Portfolio Holder	
CONTACT OFFICER:	Richard Wyles – Head of Finance 01476 406210 Email: r.wyles@southkesteven.gov.uk	
INITIAL IMPACT ASSESSMENT:	Carried out and Referred to in paragraph (7) below:	Full impact assessment Required:
Equality and Diversity	N/A	
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	HOF141, HOF171, HOF182	

1. RECOMMENDATION

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

2. PURPOSE OF THE REPORT

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 position of the Year to Date (YTD) position against original budget and the forecast position of the outturn and covers the following areas:

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

Forecast outturn work is undertaken during the course of the year by the service areas in order to anticipate the outturn position. This important 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.

3. DETAILS OF REPORT

General Fund Revenue Budgets

The original net cost of service budget for 2011/12 was set at £16.950m. The financial position as at 30th November 2011, shows a forecast under spend of £801k which is summarised in the table below:

General Fund Revenue Summary

Corporate Area	Annual Budget £'000	YTD Budget £'000	Total Spend to Date £'000	Forecast Outturn £'000	Forecast Variance £'000
Assets	3,232	1,173	888	3,047	(185)
Corporate*	1,478	929	896	1,418	(60)
Development & Growth	2,212	690	693	2,140	(72)
Environmental Services	5,608	2,587	2,589	5,498	(110)
Finance	1,648	3,396	3,278	1,533	(115)
Housing & Neighbourhoods**	940	755	635	842	(98)
Legal & Democratic	1,333	797	660	1,264	(69)
Special Expense Areas	564	245	272	571	7

Front-line Services	17,015	10,572	9,911	16,313	(702)
----------------------------	---------------	---------------	--------------	---------------	--------------

HR & Customer Services***	(65)	864	813	(164)	(99)
---------------------------	------	-----	-----	-------	------

Support Services	(65)	864	813	(164)	(99)
-------------------------	-------------	------------	------------	--------------	-------------

Net General Fund Charge	16,950	11,436	10,724	16,149	(801)
--------------------------------	---------------	---------------	---------------	---------------	--------------

* Corporate forecast outturn assumes full use of Invest to Save budget (£500k) and provision budget (£100k).

**Government grant income of £285k has been excluded from Private Sector Housing due to the new accounting treatment of grants.

***HR & Customer Services Corporate Area comprises of support services only and will be fully recharged out at the end of the financial year.

Key Forecast Variances by Corporate Area

Assets

- Following a Service Review of the grounds maintenance service, discussions have taken place with the contractor and savings are forecast to be achieved.

- Work has been undertaken with the Energy Officer which has highlighted that an under spend of approx £75k is forecast on utilities budget headings.

Corporate

- Operational and Strategic Management budget headings are forecasting to achieve a salary saving due to the shared service arrangement in place with a neighbouring authority for two senior posts.

Development & Growth

- A planning appeal is currently lodged which, if upheld, is an unforeseen cost that will be financed utilising the insurance reserve.
- Planning Policy is forecasting an under spend which relates to slippage on the Local Development Framework.
- Land charges income is forecast to be £35k higher than budgeted levels based on the YTD position.
- Building Control are forecasting income to down by £28k compared with budget based on the YTD position being less than the same period in 2010/11.
- Development Control are forecasting an income reduction of £80k compared with budget as the categories of planning applications received is largely concentrated on the lower value work and there is no higher fee work pending at the present time. However it is expected this situation will improve in the coming months.
- The Partnerships programme of work will be financed in 2011/12 from second homes money held on the balance sheet from previous financial years.
- Planning Policy and Development Services are forecasting an under spend on salary related budgets due to vacancies.

Environmental Services

- Waste & Recycling Services have negotiated a lower payment for recycling gate fees until the end of the 2012/13 financial year. This has resulted in a forecast saving of £66k for 2011/12.
- Environmental Health is forecasting an under spend on salary related budgets due to vacancies.
- Recycling Credit income forecast has increased this month as tonnages were higher than anticipated for October and November compared to budgeted levels.

Finance

- An under spend is forecast on salary related budgets due to vacancies across the corporate area.
- Drainage rates are forecast to be under spent due to the precept being lower than anticipated.

- A saving on the telephony contract for 2011/12 has been negotiated resulting in a forecast saving of approx £25k.

Housing & Neighbourhoods

- The Helpline service is forecasting an under spend on salary related budgets due to vacancies.
- Private Sector Housing is forecast to be under spent due to a slower than anticipated demand in the Rent Deposit scheme and expenditure has been less than predicted for Better Warmer Homes surveys.

Legal & Democratic

- An under spend is forecast on salary related budgets due to vacancies within the service area.
- Expenditure on elections is less than the budgeted level.

HR & Customer Services

- HR, Communications, Performance Management & Customer Services are forecasting under spends on salary related budgets due to vacancies.

The workforce efficiency target of £354k for the General Fund is forecast to be achieved by the end of the financial year. In addition to this, a further under spend of £377k is forecast on salary related budgets as outlined above.

Housing Revenue Account Budgets

The financial position as at 30th November 2011, shows a forecast under spend of £377k which is summarised in the table below:

Area	Annual Budget £'000	YTD Budget £'000	Total Spend To Date £'000	Forecast Outturn £'000	Forecast Variance £'000
Housing Management	2,783	1,132	979	2,642	(141)
Supported Housing	392	640	571	337	(55)
Repairs & Maintenance	6,182	3,540	3,576	6,140	(42)
Dwelling Rents	(21,174)	(14,116)	(14,135)	(21,186)	(12)
Rents & Payments	327	209	155	256	(71)
Other Income	(342)	(215)	(210)	(342)	0
Other	12,380	5,370	5,333	12,324	(56)

Expenditure					
(Surplus)/ Deficit	548	(3,440)	(3,731)	171	(377)

Key Forecast Variances

- The workforce efficiency target of £103k is forecast to be achieved by the end of the financial year. In addition to this, a further under spend of £169k is forecast on salary related budgets.
- Lower tender prices and forecast re-profiling of a small number of repairs and maintenance programmes has resulted in a forecast under spend of £105k compared to budget.

Capital Budgets

The capital programmes include a number of significant capital projects for 2011/12. The current financial position is outlined in the table below;

Programme	Annual Budget £'000	YTD Budget £'000	Total Spend to Date £'000	Forecast Outturn £'000	Slippage £'000
General Fund	4,582	1,738	1,601	2,215	2,080
HRA	6,755	2,878	3,308	5,410	200

General Fund Key Variances

- Slippage of £2.08m has been identified on the 2011/12 General Fund Programme and has therefore been included in the 2012/13 Capital Programme. This is made up of;
 - Bourne Core Area £1.5m
 - Station Approach £200k
 - Better Homes Grants £200k
 - Area Offices Customer Service Centre Upgrade £150k
 - ICT Replacements & Delivery £30k
- Housing Improvement Grants (Better Homes Grants) – Forecast under spend of £230k against a budget of £450k. Reduction reflects lower grant values currently being needed to remove hazards and make properties decent.

- Street Scene Vehicle Procurement - An on-street hot pavement washer has been purchased for £116k in response to service requirements. This will be financed by the Capital Reserve at the end of the financial year.
- Cemetery Works - The forecast outturn for this scheme has been increased by £15k compared to the original budget due to unforeseen essential works required at the cemetery. The cost of this work will be met from the Grantham Special Expense Area.

HRA Key Variances

- Slippage of £200k has been identified on the 2011/12 HRA Programme and has therefore been included in the 2012/13 Capital Programme. This is made up of;
 - Upgrading Sheltered Housing £100k
 - Passenger Lifts £60k
 - Bin Store £40k
- Disabled Adaptations – Forecast under spend of £65k against £100k budget owing to occupational therapy referrals on major works.
- Property Refurbishments – Forecast over spend of £14k against £100k budget as additional properties have been refurbished in excess of the plan.
- In response to a re-profiling of the capital works in order to ensure financial efficiencies, the schemes outlined below are not due to commence until February 2012 and therefore cannot be completed in the current financial year.

Scheme	Budget £'000	Forecast Outturn £'000	Forecast Variance £'000
Roofing	590	93	(497)
Electrical Rewires	420	270	(150)
Chimney Works	145	10	(135)
Wall Finishes	190	12	(178)
Essential Works	295	153	(142)
Total	1,640	538	(1,102)

Headcount and Budgets

The position as at 30th November 2011 shows that against an original FTE budget of 629.3 the actual FTE (including agency and wages staff) is 607.1 which equates to a variance of (22.2) FTE.

Collection Performance (as at 30 November 2011)

	YTD Target £'000	YTD Actual £'000	YTD Target %	YTD Actual %
Council Tax	45,552	45,597	77.28	77.35
NDR	30,419	30,323	79.54	78.78
Rents	14,701	14,924	68.14	69.18

Budget Progress update 2012/13

Members will be aware the budget process for 2012/13 is advancing and Cabinet were presented with the budget requirement information at their meeting on 9th January 2012. The key issues are:

The provisional settlement for 2012/13 has remained unchanged from the announcement made last year and incorporating the Council Tax Freeze grant of £157k (from 2011/12) which equates to £7.526m for 2012/13. This grant announcement is £824K less than the grant for 2011/12.

The proposed draft budget requirement for 2012/13 is £13.879m which includes the 2011/12 Council Tax freeze grant of £157K. This grant will continue to be received until 2014/15 in order to mitigate the financial disadvantage of not applying a Council tax increase. The grant is calculated on an assumed increase of 2.5%.

A further one-off council tax freeze for 2012/13 has been proposed by the Government which, if taken, will result in the Council receiving a additional £159k in grant for 2012/13 only. The following 2 years would revert back to the original £157k as outlined above. The Council will consider this as part of its consultation process.

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 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. APPENDIX: None