

Cabinet Report



Report of Head of Finance

Author: Bob Watson, Chief Accountant

Telephone: 01235 540426

E-mail: bob.watson@southandvale.gov.uk

Wards affected: All

Cabinet member responsible: Matthew Barber

Tel: 01235 540391

E-mail: matthew.barber@whitehorsedc.gov.uk

To: Cabinet

Date 5 October 2012

Budget Monitoring – Quarter 1, 2012/13

Recommendations

To note the current position and forecast of outturn by the services.

Purpose of report

1. The report details the current revenue and capital expenditure position for the first quarter of financial year (fy) 2012/13. The report is submitted to the cabinet to assist it in fulfilling its service delivery and budget management roles.

Strategic objectives

2. The Council has a strategic objective to manage the business effectively, provide value for money services that meet the needs of our residents and service users and communicate the Council's activities and achievements. This report seeks to inform the committee of the current position of the council with regard to budget, expenditure to date and the forecasted year-end outturn. The report also highlights where there are budget pressures and potential under-spends, with the reasons for these.
3. Both the revenue and capital positions to date and the forecasted outturn position are covered in this report. The budget is as set by council and includes budgets carried forward from 2011/12 and approved virements to date. The actual income and expenditure figures are derived from the Council's general ledger system and the predicted outturn with explanation of variances are provided by the budget holders within the service areas.

Revenue budget monitoring report

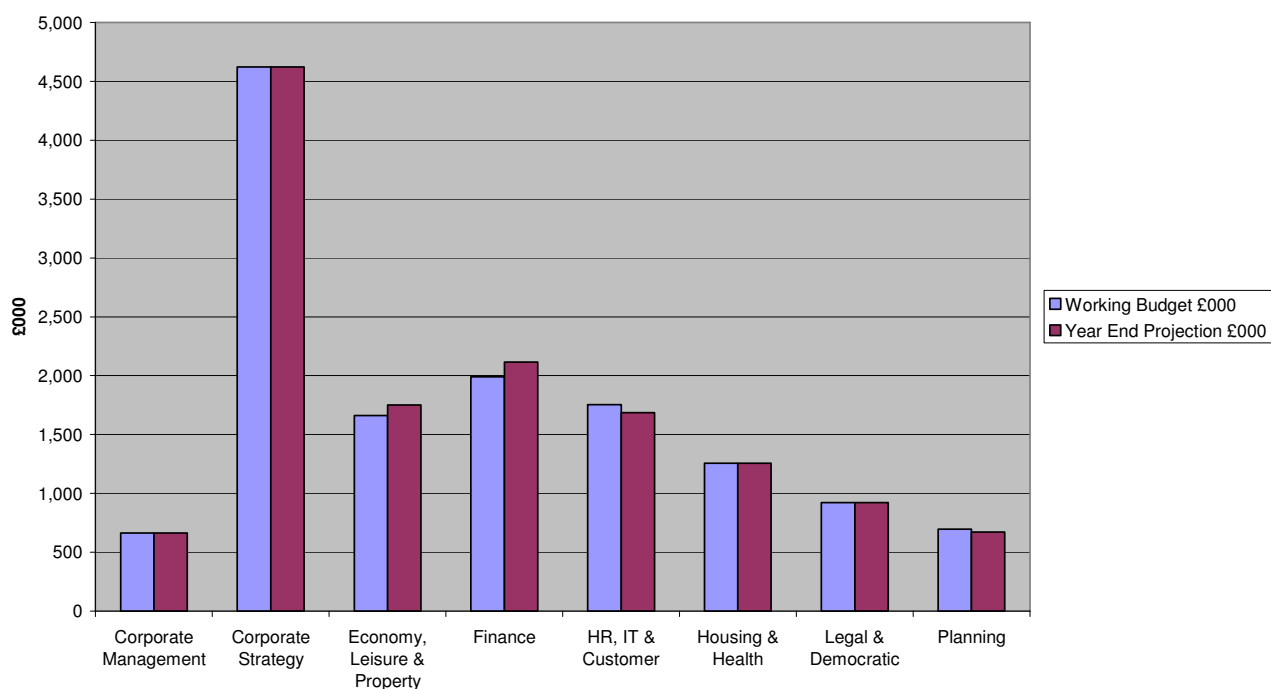
4. Budget monitoring for the first quarter of 2012/13 (1 Apr – 30 Jun) indicates that, at the date of this report, the Council is predicting an over spend of £91,555 by year end.
5. Service areas are reporting a net predicted over spend of £119,255, but this is partly offset by £27,700 of under spends relating to contingency. This under spend assumes the budget for uninsured costs and court costs will not be required and this is based on the previous years experience.

Table 1 – Outturn forecast by service area as at 30 June 2012

(all figures in £'000)

	Working budget (full year)	Actual spend to Q1	Year end projection	Year end variance
Corporate strategy	4,622	691	4,620	(2)
Economy, leisure & property	1,662	121	1,751	89
Finance	1,990	3,986	2,115	125
HR, IT & customer	1,754	358	1,686	(68)
Housing & health	1,256	205	1,256	0
Legal & democratic	922	169	922	0
Planning	696	(47)	671	(25)
Corporate management	663	63	663	0
	13,565	5,546	13,684	119
<u>Below the line</u>				
Contingency	161	0	133	(28)
Investment income	(418)	88	(418)	0
Property income	(1,494)	(728)	(1,494)	0
Other revenue grants	(1,282)	(372)	(1,282)	0
Total	10,532	4,534	10,623	91

Net working budget and forecast outturn



6. The main variances within the individual service areas are highlighted in the table below, which shows the variance against the gross expenditure and income budget lines within the services. These explanations are edited from those provided by budget holders in their budget monitoring reports and from the meetings held with their service accountants. Significant elements of the savings are a direct result of cost reduction measures being implemented.

Table 2 – Detail by service area of main variances

£000

Corporate strategy

Expenditure

Majority of variance relates to reduction in actual volumes on the printing and advertising budgets. (2)

Income

-

0

(2)

Economy, leisure and property

Expenditure

Utility bills on the mobile homes park is predicted to be less than budget, however this saving is passed onto to residents via their service charges. (6)

Income

Majority of variance relates to car park income being lower than expected, although this is partly off set by an increase in income from excess charge notices.

95

89

Finance

Expenditure

1,539

Income

(1,414)

Net variance for Finance is mainly due to Housing and Council Tax Benefits. The bulk of the variance relates to a reduction in amounts of government subsidy receivable following a fall in the value of new housing benefit overpayment cases.

125

HR, IT & customer

Expenditure

Savings of £24k relate to the secondment of the team leader in the customer service team. Also, the costs of moving from Paris to Icon are predicted to be £25k lower than expected. The remaining under spend relates to a vacant post in the HR team.

(68)

Income

0

(68)

Housing & health

0

Legal & democratic

0

Planning (adjusted for Building Control ringfenced account)

Expenditure

Savings on a vacant Building Control Surveyor post offsets additional costs on agency staff in planning.

(40)

Income

Building control income is predicted be to £119k under budget but this is mitigated by £131k additional income from major planning applications.

15

(25)

Corporate management

0

Contingency

Contingency is split into two pots – “earmarked” contingency funds to be allocated pending confirmation of their requirements (ie: budgeted amounts for which the actual details are still to be firmed up) and an ‘unallocated’ amount for unexpected pressures on budgets (not requiring a supplementary budget estimate). At this early stage of the year it is assumed full utilisation of the unallocated contingency balances.

(28)

The “earmarked” contingency budget assumes £28k savings on balances originally set to cover uninsured costs and court costs, based on prior year experience.

Below the line

0

Current over spend against budget predicted in year

91

Capital budget monitoring report

7. The council's capital programme consists of 44 projects with a total budget allocation for the year of £4,888,090; this includes slippage of £1,100,000 applied from 2011/12. Budget managers are estimating spend for the year to be £3,733,760.
8. Slippage against budgets as currently profiled are shown against a number of schemes; the largest of which (£736,000) relates to the proposed development of additional plots at the mobile homes parks. This reflects the current uncertainty as to whether or not the council is allowed to sell redeveloped plots at a surplus. This funding will continue to be slipped until a decision has been agreed.
9. Other notable variances include possible savings on flood prevention (£85,000) due in part to a review of scheme priorities, and expected slippage on the development of new paths and cycleways (£77,000) into 2013/14. In addition, awards of capital community grants are forecast to be £75,000 less than budget in year as grants are not released until schemes have completed. Funds that have been awarded but not yet paid for such unfinished schemes will be slipped into 2013/14.

Financial Implications

10. Any variance in the outturn position from the budget will have an impact on the council's level of reserves.

Legal Implications

11. This is an information report and there are no legal implications.

Risks

12. Failure to manage budgets on a regular and adequate basis, and take appropriate action where necessary, could lead to a greater call on the council's reserve balances than were originally anticipated in the Medium Term Financial Plan (MTFP).

Other implications

13. Any change in the planned reserve levels in the MTFP could affect future budgets.

Conclusion

14. The current revenue outturn prediction is £91,555 over spend, which equates to 0.87% of the net budget.

Background Papers

None