

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO:	Senior Management Team	15 September 2010
	Finance and Staffing Portfolio Holder	19 October 2010
AUTHOR/S:	Executive Director (Corporate Services)	

FINANCIAL POSITION – AUGUST 2010 & PROJECTED OUTTURN

Purpose

1. To provide SMT/Finance and Staffing Portfolio Holder with a monthly position statement on the General Fund, HRA and Capital Expenditure and refer it to the next meeting of the Finance and Staffing Portfolio Holder.
2. This is not a key decision but is providing information to SMT and it was first published in the 11 August 2010 SMT Forward Plan.

Recommendations and Reasons

3. SMT/Finance and Staffing Portfolio Holder is requested to note the projected expenditure position.

Executive Summary

4. This position statement is reporting on the variance between the working estimates and the projected outturn at the end of August. Below is a summary of August's projections and for comparison purposes the corresponding July's projections.

	August's Projected Outturn		July's Projected Outturn	
	Compared to Working Estimate		Compared to Working Estimate	
	Overspend + / Underspend ()			
	£	%	£	%
General Fund	(119,500)	(0.77)	(165,300)	(1.06)
Housing Revenue Account (HRA)	(24,800)	(0.11)	(54,500)	(0.24)
Capital	(1,800)	(0.02)	(6,900)	(0.08)

Background

5. This report provides an update to the Financial Position report to SMT on 18 August 2010.
6. The original estimate and working estimate (original estimate plus virements plus rollovers agreed by the Section 151 officer) differ on the General Fund by the £50,000 increase to cash limits agreed by Cabinet for the recruitment/appointment costs of the new Chief Executive and by £1,000,000 on Capital for Council's resolution to fund acquisition of existing dwellings from capital receipts or borrowing.

7. In light of the previous year's underspending the individual budgets identified in **Appendix 1** have been selected on the basis of either the size of the budget, the risk associated with that budget, or on the basis of previous over/under spending.

Considerations

Financial Position

8. A summary position statement is provided at **Appendix 1**.
9. Highlighted below are the significant items.

Revenue

General Fund

- a. An analysis of the under/over spends for Salary related costs, as compared to the working estimates indicates a net underspend of £119,200 a decrease in the underspend of £5,800 from the July's reported overspend;
- b. Offsetting the above is an overspend of £14,000 relating to the termination of the licence for the time recording system to give the net £105,200 underspend on departmental accounts;
- c. **Land Charges** is still predicted to break-even. However, the changes announced by the Coalition Government to the Home Information Packs may have an impact in the future which at the moment is not quantifiable;
- d. **Refuse Collection** is expected to underspend by £13,000 mainly due to the slowdown in the housing market which has meant that the predicted impact on service provision has not occurred;
- e. **Street Cleansing** is at the moment predicted to overspend by £13,000. This is because of the shortfall of £35,000 on the LPSA Reward Grant following the withholding by Government of the grant to the County Council and the Portfolio Holder's request that the intensive cleaning of the 10 Village centre that this funded, continue if possible. Offsetting this are staffing savings as a consequence of using Street cleaning staff to cover shortfalls in refuse collection staff caused by sickness and by posts being held vacant pending the outcome of the TUPE transfer in October 2010. This has had a slight adverse effect on performance levels re clearance of detritus. It is not anticipated that this performance standard will improve until the service changes are made and clarity concerning the LPSA Reward Grant is known.
- f. **Homelessness** has a predicted underspend of £10,000 on payments for accommodation because of how staff are managing clients needs;
- g. **Development Control income** is lower than estimated owing to the continuing slow down in the housing market and consequential effect on income. The current shortfall equates to a full year predicted overspend of £158,600;
- h. **The Building Control Service** on fee earning activities is expected to underspend by £49,400 because of increased income. However, because of

changes to allowable costs that can be charged against this account, these may have an adverse effect on the cost to the General Fund. Work is on going to ascertain what this position may be. Non fee earning activities are anticipates to underspend by £5,000;

i. **Concessionary Fares
2009/10**

The County Council final invoices for the cost of reimbursing bus operators for 2009/10 were £21,600 less than the estimate when finalising the 2009/10 position. This has resulted in an underspend of this amount in this financial year;

2010/11

The latest information from the County Council if pro-rated up to a full year indicates a potential underspend of £50,000. This gives a potential total underspend in this financial year of £71,600;

- j. **Growth Agenda** is expected to overspend by £25,700 as the income from Cambridge Horizons will be less than that assumed in the estimates;
- k. The **Cost of Collecting National Non Domestic Rate** will underspend by £9,500 because of clearance of provision for losses on costs of collection;
- l. The coalition government as part of central government cutbacks has abolished the **Local Authority Business Growth Incentive** distribution to local authorities; this means a loss of income of £91,900. Housing and Planning Delivery Grant was also abolished for 2010/11 but the income shown in the estimates is the amount being used from previous years. Assuming this grant is not replaced this will leave a shortfall of £1.23m to the end of 2014/15 on current assumption in the Capital Programme drawn up last year, but this has been reflected in the recently revised MTFs;
- m. A £500,000 provision was made in the estimates for the cost of **redundancies and early retirements**. However, under accounting standards, a provision had to be made in the 2009/10 accounts for the cost of any restructurings which had been formally approved by 31 March 2010; consequently, £156,700 has been charged to the 2009/10 accounts and this sum will be an underspend in 2010/11, additionally £41,100 has not yet been used and of the amounts paid £7,600 will be charged to the HRA or Capital. These amounts come to a total underspend of £205,400;
- n. **Democratic Representation** is now expected to overspend by £6,500 because of the cost of the upgrade to the modern.gov system to enable e-petitions to be undertaken;
- o. **National Assistance Burials Act** is expected to underspend by £5,000 as we have received income in this year for costs incurred in 2009/10 which we had not assumed we would receive;
- p. **Community Strategy** is currently predicted to overspend by £17,200 because of the withdrawal of the LPSA Reward Grant. However, it should be noted that this position is subject to the outcome of discussions regarding the Connection Youth Bus scheme and any developments re the LPSA Reward Grant;

- q. The total of items k to p is an net underspend of £164,300 and is shown against the Other row in **Appendix 1**;
- r. Work is on going to identify where the balance of the **Savings Target** of £178,000 can be found. Currently £75,000 has still to be found in 2010/11. The details of how this amount is arrived at, is in **Appendix 2**, together with the £105,000 still to be identified for 2011/12 and £8,000 to be found for 2012/13 onwards;
- s. **Interest on Balances** has an expected surplus of £70,000 because of favourable rates achieved through direct dealing with clearing banks but anticipated changes in rates have not occurred thus reducing the figure reported previously;

Housing Revenue Account (HRA)

- t. The **Building Maintenance Contractor** is predicted to have a surplus of £1,000 because they have won additional work than that budgeted for;
- u. **Supported Housing** is predicted to underspend by £50,000 because of vacancies;

Capital

- v. With the withdrawal of the LPSA Reward Grant there is a possible net shortfall of income of £4,100.

Implications

- 10. The Council needs to ensure that it spends within its budgets, because of the impact on the level of balances and the implication for the Medium Term Financial Strategy.

11. Financial	As detailed in the report.
Legal	None.
Staffing	No immediate impact.
Risk Management	As Above.
Equal Opportunities	None.
Climate Change	None.

Consultations

- 12. None.

Effect on Strategic Aims

13.	Commitment to being a listening council, providing first class services accessible to all.
	The effect of any under or overspending on the achievement of corporate aims, service priorities and performance indicators and the linking of budgets with service performance is an outstanding issue which needs to be addressed.
	Commitment to ensuring that South Cambridgeshire continues to be a safe and healthy place for all.
	See above
	Commitment to making South Cambridgeshire a place in which residents can feel proud to live.
	See above
	Commitment to assisting provision for local jobs for all.
	See above

Commitment to providing a voice for rural life.
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See above

Conclusions/Summary

14. The forecast outturn on the General Fund is a net underspend of £119,500. This net underspend amounts to 0.77% of the Revised Net District Council Expenditure for the financial year ending 2010/11.
15. The HRA predicted underspend of £24,800 equates to 0.11% of gross expenditure.
16. Capital has a predicted underspend of £1,800, which is 0.02% of gross expenditure.

Background Papers: the following background papers were used in the preparation of this report:

Original Estimates 2010/11,
Financial Management System Reports

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