

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

**REPORT TO:** Finance and Staffing Portfolio Holder

15 November 2011

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### FINANCIAL POSITION – SEPTEMBER 2011 & PROJECTED OUTTURN

#### Purpose

1. To provide EMT/Finance and Staffing Portfolio Holder with a monthly position statement on the General Fund, HRA and Capital Expenditure.
2. This is not a key decision but is providing information to EMT/Finance and Staffing Portfolio Holder.

#### Recommendations

3. EMT/Finance and Staffing Portfolio Holder are 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 September. Below is a summary of September's projections and for comparison purposes the corresponding August's projections.

	September's Projected Outturn		August's Projected Outturn		Movement
	Compared to Working Estimate		Compared to Working Estimate		Appendix 1
	Overspend + / Underspend ( )				
	£	%	£	%	£
General Fund	(226,300)	(1.51)	(154,900)	(1.03)	(71,400)
Housing Revenue Account (HRA)	6,400	0.03	(4,900)	(0.02)	11,300
Capital	(1,800)	(0.02)	(2,400)	(0.03)	600

#### Background

5. This report provides an update to the report to the Finance and Staffing Portfolio Holder on 18 October 2011.
6. In view 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

7. A summary position statement is provided at **Appendix 1**.
8. 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 £4,700 this is a reduction of £34,300 from the August's reported underspend. This is mainly because of extensions to fixed term contracts;
- b. **Land Charges** is estimated to have a net overspend of £42,000 because of a potential refund of income;
- c. **Refuse Collection** is predicted to overspend by £7,000. This is because the ambitious savings target on the commercial trade waste service is not currently being achieved; the shortfall is estimated to be £68,000. This is offset by a saving due to active management of sickness levels on the Household and Trade Waste Services to give the net position;
- d. **Street Cleansing** is predicted to underspend by £15,000 because of vacant posts. It is anticipated that these posts will be filled in the near future;
- e. **Dry Recycling Collection Service** income from paper sales, material value and recycling credits is greater than originally anticipated. This is the result of greater tonnages being collected and advantageous conditions negotiated within the contract for processing the recycling materials collected through the blue bin scheme. The predicted year end over-recovery is estimated to be £150,000;
- f. **Environmental Health General** will underspend by a net £19,000 because of £27,000 savings on the procurement of the private sector housing stock condition survey offset by £8,000 extra expenditure on prosecutions. This additional expenditure may be able to be recovered;
- g. **Licensing Income** is £20,000 greater than originally estimated;
- h. The cost of bringing responsibility for maintaining **Footway Lighting** back to SCDC from Parish Councils is estimated in 2011/12 to be £28,000
- i. **Flood Defence Work** at Covills Drain of £90,000 has been approved. Whilst a grant application has been submitted to DEFRA for the purposes of this report no amount has been assumed to be received in this financial year;
- j. If current **Development Control Income** were projected forward then there would be a £40,000 shortfall. However, it is expected that we will receive further large-scale development fees so for the purpose of this report a break-even position has been assumed. The movement of £100,000 from the previous month's position is because in September £144,800 of income was

received of which £78,400 was for a major development application for NW Cambridge;

- k. **Corporate Management** will save £9,100 because of reduced fees on External Audit and £2,000 on the Local Government Association Subscription. Of the £11,100 it is estimated that £3,200 will be recharged to the HRA leaving a net £7,900 saving on the General Fund;
- l. The effect on salary costs this year of the Job Evaluation exercise is estimated at £62,300 of which £59,600 relates to the General Fund and £2,700 to the HRA. This does not include any additional costs which may arise from the appeals process;
- m. Cabinet has agreed to the proposal to restructure the £150,000 **Support for Economic Downturn** so that £60,000 will now be spent in 2012/13 so giving an underspend in this year but increasing the budget in next year;
- n. The **New Homes Bonus** received from Central Government is £868,600 which is £68,600 more than the figure used in setting the estimates;
- o. **Elections** is expected to underspend by £20,000 because some of the costs originally expected to be incurred in holding District elections can be claimed from Central Government as the Alternative Vote Referendum was held at the same time;
- p. **Democratic Representation** is currently underspent by £21,300 re the Standards Board, Scrutiny Committee and Computer for Members budgets. As these items are demand led it has been assumed that these items will be fully spent;
- q. **Interest on Balances** has an expected surplus of £29,000 because of favourable rates achieved through direct dealing with clearing banks and balances being higher than expected;

#### Housing Revenue Account (HRA)

- r. Housing Repairs on current projected expenditure and commitments would be expected to underspend by £178,100. However, as expenditure increases during the winter months it is expected that this position will be managed to ensure that roughly a break-even outturn occurs;
- s. The **Building Maintenance Contractor** is predicted to have a surplus of £8,100 because they have won additional work than that originally budgeted for;
- t. **Sheltered Housing** is predicted to underspend by £22,000 because of vacancies and long-term sickness. This is after £108,000 has been vired from this budget to fund the out of hours response service;
- u. **Tenant Participation** is expected to underspend by £5,000 mainly because of savings re printing and consultation expenditure;

## Capital

- v. Only £42,800 of the £504,000 ICT Development programme has been spent so far. The major part of this programme is for the PC Virtualisation Project, which is in the proof of concept stage but is on target as per the project plan. However, any unforeseen delays/programme changes would impact on the spend this year and the requirement for roll-over and could also impact on the saving target in 2012/13;
- w. We have managed to partially offset the cost of the replacement precinct sweeper by trading in the old vehicle for £7,500 when the new vehicle is delivered: and

## Implications

9. 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.

10. Financial	As detailed in the report.
Legal	None.
Staffing	No immediate impact.
Risk Management	As Above.
Equality and Diversity	None.
Equality Impact Assessment completed	No Report is for Information and in itself has no equality impact
Climate Change	None.

## Consultations

11. None.

## Consultation with Children and Young People

12. None.

## Effect on Strategic Aims

13.	<b>Commitment to being a listening council, providing first class services accessible to all.</b>
	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.
	<b>Commitment to ensuring that South Cambridgeshire continues to be a safe and healthy place for all.</b>
	See above
	<b>Commitment to making South Cambridgeshire a place in which residents can feel proud to live.</b>
	See above
	<b>Commitment to assisting provision for local jobs for all.</b>
	See above
	<b>Commitment to providing a voice for rural life.</b>
	See above

## **Conclusions/Summary**

14. The forecast outturn on the General Fund is a net underspend of £226,300. This net underspend amounts to 1.51% of the Net District Council Expenditure for the financial year ending 2011/12. Of this £60,000 will be required in 2012/13 so this is a real underspend of £166,300 1.11% of the Net District Council Expenditure.
15. The HRA predicted overspend of £6,400 equates to 0.03% of gross expenditure.
16. Capital Expenditure 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 2011/12,  
Financial Management System Reports

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