

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Finance and Staffing Portfolio Holder

18 October 2011

AUTHOR/S: Executive Director (Corporate Services)

FINANCIAL POSITION – AUGUST 2011 & PROJECTED OUTTURN

Purpose

1. To provide the 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.

Recommendations

3. The 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 Estimates		Compared to Working Estimates	
	Overspend + / Underspend ()			
	£	%	£	%
General Fund	(154,900)	(1.03)	(168,700)	(1.13)
Housing Revenue Account (HRA)	(4,900)	(0.02)	4,200	0.02
Capital Expenditure	(2,400)	(0.03)	(2,600)	(0.03)

Background

5. This report provides an update to the report to EMT on 17 August 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 is attached in **Appendix 2**. This indicates a net underspend of £39,000 an increase of £16,200 from the July's reported underspend. This is mainly because of vacancies;
- b. **Land Charges** is estimated to have a net overspend of £63,000 because of a potential refund of income;
- c. **Dry Recycling Collection Service** income from paper sales, material value and recycling credits is greater than originally anticipated leading to an over-recovery of £40,000 at the end of July. Although this would potentially lead to a year-end over-recovery of approximately £120,000, the results of a Materials Price Review scheduled for the period October 2011 – April 2012 may well reduce this figure. A clear position will be reported in November 2011;
- d. **Refuse Collection** Due to active management of sickness levels, this budget is predicted to underspend by £21,000;
- e. **Street Cleansing**, for the same reason relating to refuse collection, is predicted to underspend by £55,000;
- f. **Environmental Health General** will underspend by £27,000 because of savings on the procurement of the private sector housing stock condition survey;
- g. Items (c) to (f) fall within the Environmental Services Portfolio and are being handled as follow:
 - (c) Over-recovery of Dry Recycling Income – approval will be sought to hold £90,000 of this against Revenue Funding of Flood Defence Work re Covills Drain
(A grant application has been submitted to DEFRA so this may not be required);
Budget underspends items (d) to (f) (total £103,000) approval will be sought to re-prioritised £68,000 to:
 - Action C1 65% Recycling Target – Increased Communication & Waste Analysis £20,000;
 - Survey Work on potential unfit for habitation houses in Chesterton £20,000;
 - Second cycle of Street Cleansing along A11 and A14 trunk road £15,000;
 - Larger Villages Street Clean-Ups/ CCC Winter Clearance Project £13,000 and
 - It is intended to bring the responsibility of maintaining footway lighting back to SCDC from Parish Councils. If this is approved this will cost approximately £28,000 in 2011/12;

The above items are with-in the budget underspends and if agreed reduces the Environmental Services Portfolio saving to £37,000;

- h. **Corporate Management** will save £9,100 because of reduced fees on External Audit. Of this it is estimated that £2,600 will be recharged to the HRA leaving a net £6,500 saving on the General Fund;
- i. If current **Development Control Income** were projected forward then there would be a £215,000 shortfall. However, it is expected that we will received in large scale development fees so for the purpose of this report the predicted shortfall has been reduced to £100,000;
- j. 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;
- k. Cabinet at its last meeting 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;
- l. Work is on going to identify where the **Savings Target** can be found. So far identified savings for 2011/12 has reduced the original savings target from £160,000 to £20,000. This is the amount to be found from Staff Suggestions savings. A report on this will be going to EMT on 28 September;
- m. **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)

- n. The **Building Maintenance Contractor** is predicted to have a surplus of £12,600 because they have won additional work than that budgeted for;
- o. **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;

Capital

- p. We have managed to partially offset the cost of the replacement precinct sweeper by trading in the old vehicle for £6,500: and
- q. It is too early in the year to get a reliable indicator of the capital position because of the irregular nature of the payments. The slight overall underspend is due to the estimated proportion of salary underspends that will be recharged at the end of the year to capital.

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. 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.

Conclusions/Summary

14. The forecast outturn on the General Fund is a net underspend of £154,900. This net underspend amounts to 1.03% of the Net District Council Expenditure for the financial year ending 2011/12. If the reuse of savings proposed in paragraph (g) in the Environmental Services Portfolio are agreed the underspend will change to an overspend of £3,100 which is 0.02% of the Net District Council Expenditure.

15. The HRA predicted underspend of £4,900 equates to 0.02% of gross expenditure.

16. Capital Expenditure has a predicted underspend of £2,400, which is 0.03% 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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