

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** Finance and Staffing Portfolio Holder 21 February 2012  
**AUTHOR/S:** Executive Director (Corporate Services) / Head of Accountancy

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### FINANCIAL POSITION – DECEMBER 2011 & PROJECTED OUTTURN

#### Purpose

1. To provide 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 Finance and Staffing Portfolio Holder.

#### 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 December. Below is a summary of December's projections and for comparison purposes the corresponding November's projections.

	December's Projected Outturn		November's Projected Outturn		Movement
	Compared to Working Estimate		Compared to Working Estimate		Appendix 1
	Overspend + / Underspend ( )				
	£	%	£	%	£
General Fund	(338,700)	(2.24)	(197,500)	(1.32)	(141,200)
Housing Revenue Account (HRA)	(27,800)	(0.12)	(62,900)	(0.27)	35,100
Capital	(556,800)	(6.53)	(422,000)	(4.95)	(134,800)

#### Background

5. This report provides an update to the report to the Finance and Staffing Portfolio Holder on 17 January 2012.
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 **Departmental Accounts**, as compared to the revised estimates indicates a net underspend of £72,800. This is a movement of £43,200 from the November's reported position. The main reason for this is that the Northstowe Planning Team will not be in place until the new financial year;
- b. Additionally the revised departmental and overhead accounts are £19,100 more than the original estimates as previously reported in October;
- c. **Land Charges** is estimated to have a net overspend of £48,200 because of a potential refund of income;
- d. **Refuse Collection & Recycling Service** is predicted to underspend by £146,000. This is mainly because of additional income from paper sales, material value and recycling credits;
- e. **Street Cleansing** is predicted to underspend by £9,600 because of vacant posts offset by employing external contractors;
- 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 with effect from 1 July 2011 is estimated in 2011/12 to be £28,000
- i. **Corporate Management** will save £9,100 because of reduced fees on External Audit and £2,000 on the Local Government Association Subscription. However, because of various departmental re-organisations it is estimated that we will incur early retirement costs of £52,000 giving a net increase of £40,900;
- j. The effect on salary costs this year of the Job Evaluation exercise is estimated at £46,700. This does not include any additional costs which may arise from the appeals process;

- k. 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;
- l. The **New Homes Bonus** received from Central Government is £868,600 which is £68,600 more than the figure used in setting the estimates. Additionally a further £56,000 will be received in arrears in 2012/13 thus giving a total additional income of £124,600;
- m. **Elections** is expected to underspend by £26,000 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;
- n. **Democratic Representation** is currently underspent by £35,800 re the Standards Board, Scrutiny Committee and Computer for Members budgets. As these items are demanded it has been assumed that these items will be fully spent;
- o. Negotiations to transfer the ownership of the **Shopping Car Park** at Great Shelford has not proceeded as quickly as assumed and therefore it is estimated we will incur additional expenditure of £15,600 in this year. In order to minimise future costs the Council is considering giving notice to the landlord;
- p. The one off costs of £109,000 arising from the senior management staffing changes,, which will be paid back in the 2012/13 financial year, have been incorporated into the revised estimates and have been reflected in this position report;
- q. Other changes to the revised estimates have been reflected in this position statement. The two most significant changes are the Precautionary Items budget of £75,000 and Council Actions budget of £50,000 which will not be used in this financial year;
- r. **Interest on Balances** has an expected surplus of £55,000 because of favourable rates achieved through direct dealing with clearing banks and balances being higher than expected;

#### Housing Revenue Account (HRA)

- s. **Housing Repairs** on current projected expenditure and commitments would be expected to underspend by £272,700. 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;
- t. The **Building Maintenance Contractor** is predicted to have a deficit of £12,800 because of additional costs to be incurred to cover for absent staff;
- u. **Sheltered Housing** is predicted to underspend by £4,000 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;
- v. **Outdoor Maintenance** costs are expected to be £1,300 less than originally planned;

- w. **Tenant Participation** is expected to underspend by £5,000 mainly because of savings re printing and consultation expenditure;

#### Capital

- x. Only £204,900 of the revised £839,000 **ICT Development** programme had been spent to the end of December. To date this has increased to £242,900. The major part of this programme is for the PC Virtualisation Project, which has been ordered and is on target as per the project plan;
- y. Repurchase of **General Fund Sheltered Properties** is estimated to be £300,000 less than the original estimate. These repurchases are demand led and it is only at this point in the year when it is possible to project forward with any accuracy. This is offset by a reduction in the income for the resale of these properties by a net £330,000;
- z. **Mandatory Disabled Facilities Improvement Grants** is expected to be un-committed by £60,000 because of external Occupational Health Assessments being delayed due to resource constraints;
- aa. Council approved additional expenditure of £190,000 for the installation of photovoltaic panels at South Cambs Hall. Following the Government review of the feed in tariff this project is being reviewed and therefore these monies will not be spent in this financial year. However, the revised estimates have been increased to take account of the South Cambs Hall Vestibule £22,000 and Office Furniture for the transferred Contact Centre Staff £6,000. The net position is a reduction of £162,000;
- bb. The purchase of £160,000 **Awarded Watercourse** plant & equipment has been deferred until 2012/13:
- cc. Sales of Right to Buy and HRA Equity Share Properties are predicted to be £260,000 less than originally estimated. However, a proportion of these sales are transferred to the DCLG which will not occur exclusively in this financial year, and thus the transfer will be £350,000 less than originally estimated. This gives a net £90,000 favourable position: and
- dd. 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.

#### 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	No

Assessment completed	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

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| 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 £338,700. This net underspend amounts to 2.24% of the Net District Council Expenditure for the financial year ending 2011/12. Of this £117,000 will be required in 2012/13 so this is a real underspend of £221,700 1.47% of the Net District Council Expenditure. The position in respect of the original estimates that were used to set the Council Tax is an underspend of £216,100 1.44% of the Net District Council Expenditure.
15. The HRA predicted underspend of £27,800 equates to 0.12% of gross expenditure.
16. Capital Expenditure has a predicted underspend of £556,800, which is 6.53% of the working gross expenditure. Of this £212,000 will be required in 2012/13 so this is a real underspend £344,800 4.05% of the gross expenditure. The underspend is 4.40% of the original gross expenditure.

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

Original Estimates 2011/12,  
Revised Estimates 2011/12,  
Financial Management System Reports

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