

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** Leader and Cabinet

27 June 2013

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### PROVISIONAL OUTTURN & UNSPENT BUDGET ROLLOVERS 2012/13

#### Purpose

1. To provide Cabinet with a provisional outturn position statement on the General Fund, Housing Revenue Account (HRA) and Capital Expenditure and for the Finance and Staffing Portfolio Holder to consider requests for budget rollovers from 2012-13 to 2013-14.
2. This is not a key decision but is providing information to Cabinet. The rollovers have been brought before the Finance and Staffing Portfolio Holder because they may result in increases in the 2013-14 budget estimates of the Council for specific, exceptional items that were originally included in the 2012-13 estimates but will now fall in 2013-14.

#### Recommendations

3. Cabinet is requested to:
  - (a) **NOTE** the provisional outturn position as stated in **Appendix A:** and
  - (b) **APPROVE** the use of approximately £48,000 of identified savings to fund the purchase of cameras on refuse vehicles.
4. The Finance and Staffing Portfolio Holder is requested to **APPROVE** the additional capital and revenue budget rollovers totalling £118,940, as listed in **Appendix B**, to be carried forward into the 2013-14 financial year.

#### Reasons for Recommendations

5. In consultation with the Leader and Deputy Leader, Executive Management Team (EMT) at its March 2012 meeting endorsed a streamlined financial reporting cycle in which monthly reports would be submitted to EMT followed by a quarterly report to Cabinet.
6. Rolling over these revenue and capital budgets will allow the re-phasing of specific expenditure to meet delays that arose on specific one-off projects beyond the end of the 2012-13 financial year.

#### Executive Summary

7. This position statement is reporting on the variance between the working estimates and the provisional outturn. Below is a summary of the provisional outturns and for comparison purposes the corresponding March 2013 projections.

	Provisional Outturn		March's Projected Outturn		Movement
	Compared to Working Estimate		Compared to Working Estimate		Appendix 1
	Overspend + / Underspend ( )				
	£	%	£	%	£
General Fund	(445,500)	(3.03)	(502,000)	(3.42)	56,500
Housing Revenue Account (HRA)	(705,600)	(2.75)	(735,000)	(2.87)	29,900
Capital	(419,100)	(3.87)	(683,200)	(6.28)	264,100

Of the above £445,500 General Fund underspend, approximately £260,200 is being requested to be rolled-over into 2013/14 giving a net true underspend of £185,300. Similarly £239,800 of the Capital underspend is being asked to be rolled-over giving a net true underspend of £179,300. It should be noted that services have continued to be delivered and performance maintained despite these underspends.

### Background

8. This report provides an update to the Financial Position report to the EMT on 24 April 2012.
9. Budget rollover rules are governed by the budget and policy framework rules, as follows:  
 "Rollover of unspent budget provision from the previous financial year to the current year will only be permitted in exceptional cases (excluding employees). A list of rollovers will be completed and reported for approval to the Finance (and Staffing) Portfolio Holder by 31 July each year. Rollovers may then only be used with the approval of the Section 151 Officer, approval being on an individual basis during the year, when the director/cost centre manager can demonstrate that the current year's budget is fully spent/committed and that there are no other sources of funding, including virement. Rollovers are for specific items and cannot be vired."
10. The list of rollovers is compiled from rollover requests from cost centre managers, who are required to obtain the approval of the relevant director and portfolio holder (Scheme of Officer Delegation), as evidenced on rollover request forms. All actual expenditure comparisons for this purpose are made with the Original Estimates, as amended for any subsequent virement.

### Considerations

#### Financial Position

11. A summary position statement is provided at **Appendix A**.
12. Highlighted below are the significant items.

## Revenue

### General Fund

- a. An analysis of the under/over spends for **Departmental Accounts**, as compared to the working estimates indicates a net projected underspend of £12,100. This figure is arrived at after allowing for a reduction of £250,000 for vacancies which was included in the estimates;
- b. Allowance has been made for potential pension capital costs of £31,400 which has been charged to **Corporate Management**;
- c. **Benefits** have not used all of the additional resources given by the Department for Work and Pensions in the form of grants. A request to roll-over £57,770 into 2013/14 has been approved. The grant in next year will be substantially reduced and additional resources will be needed to implement the Localism Council Tax Support Scheme which will utilise this amount in 2013/14;
- d. Savings have been achieved on the **Contact Centre** contract of £38,100. Of this £26,000 has been approved to be rolled-over into 2013-14 to increase capacity in the in-house service to cope with Central Government changes to the benefits, council tax and rent regimes;
- e. The **Central Overheads** in respect of the Waterbeach Depot are £64,400 less than budgeted because of the delayed move into the new premises which has been outside the control of SCDC Officers and this has been approved to be rolled-over into 2013/14;
- f. Additionally the **Central Overheads** in respect of Central Expenses has underspent by £75,700 on the provision of centralised training and Health & Safety expenditure.
- g. The **Refuse Collection & Recycling Service** has overspent by £30,000. This is mainly because of reduced paper tonnage, fluctuations in material values and composition of the waste. This is offset by a projected underspends in the Street Cleansing Service, Awarded Watercourse and an overspend in the Pest Control services to give a net portfolio service accounts projected underspend of £20,300. Of this £11,800 has been approved to be rolled-over so that a flood bank to protect Fen Drayton can be constructed which has been subject to planning delays;
- h. **Improvement Grants** are over budget by £27,000 as the HIA partnership has taken longer to get up to speed than anticipated and so has not generated the income originally allowed for;
- i. The **Northstowe** underspend relates to staffing costs and has occurred because staff appointments have varied from those assumed when the budget was set in November 2011 and have been partly funded from external sources which has not yet been drawn down;
- j. Allowance was made in **Economic Development** for £36,000 for the contribution to the Local Enterprise Partnership. The contribution for 2012/13 is only £7,500 thus giving a saving of £28,500 in this year. Next year the contribution rises to £17,500. Additionally £25,000 for Improving the Digital

Infrastructure has been approved to be rolled-over into 2013/14 and £4,510 is being requested to be rolled over for Cambridge Plus marketing;

- k. A reserve was set up for legal costs for the establishment of the Northstowe Trust which is no longer required and has been returned to the General Fund;
- l. One-off savings of £15,000 have been achieved in **Planning Policy** on Community Infrastructure Levy and another £15,000 on the local plan has now been timetabled for 2013/14 and is being requested to be rolled over;
- m. When the budget was set £75,000 was included for **Precautionary Items**. A request to use £40,000 for additional bed & breakfast costs has been approved leaving a balance of £35,000;
- n. Budget provision of £50,000 was included in the original estimates to support **Council Actions** which has not been used;
- o. When the estimates were set it was assessed that £170,000 of **overheads** would be charged to the **HRA** in respect of new posts. As these posts have only recently or have yet to be appointed to, it is estimated that £90,000 of costs in this financial year have remain charged to General Fund budgets;
- p. **Investment Income** is £195,800 more than originally estimated. This is a combination of extremely favourable rates being achieved towards the end of the last financial year and balances being higher than expected;

#### Housing Revenue Account (HRA)

- q. The process of filling new posts in the **Sheltered Housing** service following the restructure has led to a £78,200 saving;
- r. **General Administration** has not spent £110,000 of the budget set aside for incentive payments, home loss redevelopment and database improvements;
- s. The staff involved in delivering **Tenant Participation** activities have been very successful in drawing in external sponsorship for a number of events. This has allowed a projected £68,000 saving to be achieved;
- t. **Rent Income and Other Charges** is £148,000 greater than originally allowed for because of higher income being received from new tenants and higher collection rates;

#### Capital

- u. The programme to provide the new **Sheltered Housing** hubs is underway. A number of planning requirements need to be met which will mean that the completion of this project will fall in 2013/14. Originally £120,000 was requested and approved to be rolled over to meet the cost of completion in the 2013/14. However, an opportunity arose to bring forward other programmed capital works from 2013/14 and thus this roll-over is no longer required and the sheltered housing hubs will be funded from the 2013/14 programme;
- v. Various elements of the ICT Development programme have been delayed into 2013/14 because of changes to service requirement due to external factors.

Of the total programme £151,000 has been approved to be rolled-over into 2013/14 and an additional £47,700 roll over approval is being requested;

- w. **Improvement Grants** were less than anticipated by £151,000. The new shared service partnership started in April and it has taken a little time for new joint processes to be agreed and implemented. An assessment of how quickly Occupational Therapist referrals are coming through is also being undertaken;
- x. A budget for repairs to closed churchyards for which we are responsible for of £30,000 has been established under **Heritage Responsibilities** for 2012/13 which has not been spent and was approved to be rolled over into 2013/14: and
- y. **Right to Buy Sales** were greater than the estimated level and as a consequence, there is £1,400,000 of additional capital receipts available. However, most of this additional funding would only be usable for HRA capital expenditure.

#### Roll-overs

- 13. **Appendix B** lists the rollover requests, which total £260,190 on General Fund revenue budgets and £239,830 on the Capital Programme. Details of the items are included in **Appendix C**. These include £200,080 on General Fund revenue budgets and £181,000 on Capital budgets that were approved at February's Cabinet meeting.

#### Options

- 14. Rollover approval is requested for each item, as detailed in the appendices, which can be considered individually on their merits. All have been proposed as exceptional cases, where the expenditure is not on going, but the specific project has been delayed. Non-approval would cause overspendings in the current year in those particular areas, unless virement could be found from elsewhere, which is not likely at this stage being so early in the financial year. The additional requirement to demonstrate the funding need to the Section 151 Officer (i.e. the Executive Director, Corporate Services) before adding the rollover to the current budget should minimise any risk of under spending involving the approved rollovers.
- 15. Of the above General Fund underspend it is requested that £48,000 be used in 2013/14 over and above the approved budget to fund the purchase of cameras on refuse/recycling vehicles that currently do not have them. The cameras provide waste management personnel with photographic evidence in cases of road accidents, staff health and safety and personal injury claims, thus potentially reducing increases in insurance costs. They are also useful in ensuring that collection and recycling rates are maintained or increased. The cameras are designed to monitor the vehicle, the road in front and behind as well as the areas directly adjacent to the side only.

#### Implications

- 16. 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.

17. Financial	Budgets carried forward involve a shift in the phasing of expenditure from one year to the next. Subject to the Section 151 Officer giving subsequent approval for each individual item at the appropriate time, the relevant estimates in 2013-14 will be increased by the sums rolled forward, therefore increasing the overall budget for 2013-14. These increases are matched by the under-spending originating in 2012-13. Approval for the staffing changes will increase expenditure in 2012-14.
Legal	None.
Staffing	Some rollover requests (e.g. on the Benefits Holding Account, to fund additional benefits resources), may have staffing implications.
Risk Management	The consequences of non-approval of each rollover can only be assessed by the spending officers, who have indicated that the items are exceptional.
Equality and Diversity	None.
Equality Impact Assessment completed	No Report is for Information and in itself has no equality impact.
Climate Change	None.

### Consultations

18. The comments and recommendations of the cost centre managers were invited on the budget rollover approval forms and have been reproduced on **Appendix C**. The relevant directors and portfolio holders will also have given the items consideration before approval.

### Consultation with Children and Young People

19. None.

### Effect on Strategic Aims

20. The effect of any under or overspending on the achievement of corporate aims, services priorities and performance indicators and the linking of budgets with service performance is an outstanding issue which needs to be addressed.

### Conclusions/Summary

21. The provisional outturn on the General Fund is a net underspend of £445,500. This net underspend amounts to 3.03% of the Net District Council Expenditure for the financial year ending 2012/13. Of this approximately £260,200 has been approved/is being requested as a rollover into 2013/14 so this is a real underspend of £185,300 1.26% of the Net District Council Expenditure.
22. The HRA provisional underspend of £705,600 equates to 2.75% of gross expenditure.
23. The Capital Expenditure provisional underspend of £419,100 is 3.87% of the working gross expenditure. Of this £239,800 is mainly because of rephrasing of ICT projects, which have been approved/are being requested to be rolled over into 2013/14. The real underspend is £179,300 which is 1.66% of the working gross expenditure.

24. The rollovers for Approval in **Appendix B** amount to £60,110 in respect of the General Fund revenue budget and £58,830 for the Capital Programme, which together with the rollovers approved in February gives totals for the General Fund revenue budgets of £260,190 and 239,830 in respects of the Capital Programme.

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

Estimates 2012-13,  
Draft Expenditure Outturn 2012-13,  
Financial Management System Reports

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