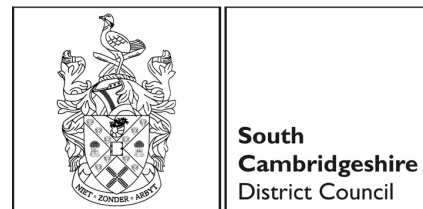


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10 September 2008

To: The Leader – Councillor RMA Manning
Deputy Leader – Councillor SM Edwards
Members of the Cabinet – Councillors Dr DR Bard, Mrs SM Ellington, MP Howell,
AG Orgee, TJ Wotherspoon and NIC Wright
Quorum: 4 plus the Leader or Deputy Leader

Dear Councillor

Please find attached papers for item 16 for the next meeting of **CABINET**, which will be held in the **SWANSLEY ROOM, GROUND FLOOR** at South Cambridgeshire Hall on **THURSDAY, 11 SEPTEMBER 2008** at **2.00 p.m.**

Yours faithfully
GJ HARLOCK
Chief Executive

The Council is committed to improving, for all members of the community, access to its agendas and minutes. We try to take all circumstances into account but, if you have any specific needs, please let us know, and we will do what we can to help you.

AGENDA

16. Updated Financial Position to 31 August 2008

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Agenda Item: 16

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Cabinet 11 September 2008
AUTHOR/S: Chief Executive/Best Value & Management Accountant

FINANCIAL POSITION – APRIL TO AUGUST 2008 & PROJECTED OUTTURN

Executive Summary

1. The information in this report indicates the following outturn (under)/overspends for 2008/09. These figures are projections from the position at the end of August as compared to the working estimates. These are the original estimates as approved by Council on 28th February 2008 adjusted for approved virements and roll-overs.

(a)	General Fund	£ 46,700;	0.33%
(b)	Housing Revenue Account (HRA)	£ 10,300: and	0.05%
(c)	Capital	£(23,700)	(0.37%)

Background

2. This report provides an update to the July Financial Position that forms part of the Integrated Business Monitoring Report (Item 15 on this agenda).
3. In light of the previous year's underspending the methodology for selecting the areas to be individually reported has been reviewed. The individual budgets identified in **Appendix A** 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

4. A summary position statement is provided at **Appendix A** and a more detailed breakdown of the Departmental Salary underspends is provided at **Appendix B**.
5. Highlighted below are the significant items.

Revenue

General Fund

- a. In the items below a number of areas have predicted overspends primarily due to economic pressures. Cost Centre Managers will be working with Accountants to minimise the impact of these pressures which will be reflected in future reports;
- b. An analysis of the under/over spends for Salary related costs, as compared to the working estimates, is attached in **Appendix B**. which indicates a net underspend of £18,500; a reduction in the underspend of £9,400 from that in July;

- c. Land charges income is currently £21,000 less than the profiled budget and if this continues for the rest of the year there will be a shortfall of £54,600. If the housing market downturn has an increasing impact, this figure could rise however, this is difficult to predict;
- d. Net HRA Recharges are expected to be more than originally estimated because part of the increase in interest (see paragraph k below) is attributable to increased HRA balances. This is partially offset by the contribution from the General Fund to supported housing not having to be as much as originally estimated due to the predicted underspend on that service;
- e. Development Control has incurred significant expenditure on cost of appeals in respect of the appeals re Arbury Park & West Wickham. Employment of consultants to give advice on current applications, because of vacancies in the development control section, has also increased expenditure. It is estimated that this will lead to a projected overspend of £45,000 but no allowance has been made for any further expenditure on appeals that are not currently on-going;
- f. Development Control income is lower than estimated due to the slow down in the housing market and consequential effect on major developments. The current shortfall equates to an overspend of £225,000;
- g. Preliminary data from the bus operators indicates the 2008/09 budget, is estimated to underspend by £180,000 after making some adjustment for the future transfer of Cowley Road Park & Ride Site into our boundary. This position will be monitored and updated in future reports;
- h. Planning policy currently has a negative expenditure position due to the fact that accruals for planning inspector's fees were allowed for in 2007/08 and to date we have not received any invoices. A budget of £20,000 for Joint Working & Statutory Consultation was included in the 2008/09 budget but will not now be spent this year leading to an underspend of £20,000. However, this sum will be needed in 2009/10;
- i. Council Tax Summons income is 28% lower than the same period in the last financial year. This is because customer payment patterns have improved resulting in fewer summonses being issued. If this trend continues there could be a shortfall of approximately £44,000 against the income target;
- j. The Efficiency target for 2008/09 was £369,000. When the original budgets were set £153,100 of savings were identified and taken out of those budgets bringing the target down to £215,900. Since that date further savings have been identified, which will be taken out of budget headings and have been reflected in this report. This leaves a current shortfall of £135,400 as previously reported to SMT and included in Agenda item 14. Work is on-going to identify further savings to meet this shortfall;
- k. Interest on balances is predicted to be £260,000 greater than the estimate This is due to increased balances and rates rising whilst the economic forecasts assumed they would fall;
- l. We have received £545,870 more than budgeted for from Central Government, for the revenue element of Housing & Planning Delivery Grant. It

is anticipated that this will be used firstly towards any income shortfall on planning services and the balance will be used in 2008/09 on related projects;

Housing Revenue Account (HRA)

- m. The in-house Building Maintenance Contractor (DLO) is currently predicted to overspend by £95,000 due to fuel price rises, long term sickness, additional expenditure on the implementation of the electronic materials ordering/invoicing system and the inflation uplift on the repairs contract only being 2.3% whilst actual costs are increasing by 4.6%. A review of costs has been undertaken to reduce future expenditure so that that the DLO position improves. However, it is too early to assess what impact this may have;
- n. Supported Housing salaries are currently underspent by £26,000 because of vacancies, which have now been appointed to. This is offset by an overspend on repairs to give a net underspend of £20,000;
- o. Rent Income is currently £25,000 greater than that budgeted. Because this can vary considerably it has not been assumed that this will continue in future periods. This position will be monitored and updated in future reports;

Capital

- p. 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 overspend is due to the estimated proportion of salary under/over spends that will be recharged at the end of the year to capital.

Implications

- 6. 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.

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

Consultations

- 8. None.

Effect on Corporate Objectives and Service Priorities

9.	<p>Work in partnership to manage growth to benefit everyone in South Cambridgeshire now and in the future</p> <p>Deliver high quality services that represent best value and are accessible to all our community</p> <p>Enhance quality of life and build a sustainable South Cambridgeshire where everyone is proud to live and work</p>	<p>The effect of any under or overspending on the achievement of corporate objectives, service priorities and performance indicators and the linking of budgets with service performance is an outstanding issue which needs to be addressed.</p>
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Conclusions/Summary

10. The forecast overspend on the General Fund as compared to the original estimates adjusted for approved virements and roll-overs is a net overspend of £46,700 on the General Fund which amounts to 0.33% of Net District Council Expenditure for the financial year ending 2008/09.
11. It should also be noted that the overspending areas are mainly due to economic conditions, which have either resulted in increased costs e.g. fuel or reduced income because of the housing market.
12. The HRA predicted overspend of £10,300 equates to 0.05% of total expenditure.
13. Capital has a predicted underspend of £23,700, which is 0.37% of net expenditure.

Recommendations

14. Cabinet is requested to:
 - a) Note the projected expenditure position and to refer the report to the next meeting of the Finance Portfolio Holder for more detailed consideration: and
 - b) Agree that the first call on the additional £545,870 revenue element of the Housing & Planning Delivery Grant is to address the potential planning overspends indicated in this report.

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

Estimate Book 2008/09,
Financial Management System Reports.

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Significant Budget Items

Previously Reported (Under) Over Spend Compared to Working Estimate £	Revenue	Original Estimate 2008/09 £	Working Estimate 2008/09 £	Actual Income & Expenditure to 31st August as at 13/08/08 £	Projected (Under)/ Over Spend Compared to Working Estimate £	Movement from Previous Months Position	Report Paragraph References
(27,900)	Expenditure	16,001,770	16,246,110	6,415,204	(18,500)	9,400 b & Appendix B	
0	Departmental Accounts (note 1)	1,140,440	1,126,520	564,811	0	0	
	Central Overheads (note 2)						
	General Fund Direct Services (note 3)						
54,600	Land Charges	(272,860)	(272,860)	(122,802)	54,600	0 c	
50,000	Refuse Collection	1,959,330	1,948,140	760,693	50,000	0	
(30,000)	Street Cleansing	554,310	579,310	252,232	(40,000)	(10,000)	
0	Kerbside Recycling	692,500	692,500	274,786	0	0	
0	Homelessness	146,430	78,430	5,292	0	0	
33,000	Net HRA Recharges	125,340	125,340	0	33,000	0 d	
60,000	Development Control (Gross Expenditure)	122,560	122,560	162,676	45,000	(15,000) e	
225,000	Development Control (Income)	(1,346,400)	(1,346,400)	(483,595)	225,000	0 f	
0	Building Control	(468,650)	(471,150)	(201,945)	0	0	
(180,000)	Concessionary Fares	585,160	585,160	(53,040)	(180,000)	0 g	
(20,000)	Planning Policy	244,400	368,400	(28,761)	(20,000)	0 h	
19,100	Other	(321,460)	(36,320)	503,417	19,100	0 i	
139,100	Efficiency Savings	(215,900)	(135,360)	0	135,400	(3,700) j	
322,900	Total	18,946,970	19,610,380	8,048,968	303,600	(19,300)	
(220,000)	Interest on Balances	(1,900,000)	(1,900,000)	(895,067)	(260,000)	(40,000) k	
102,900	Total	17,046,970	17,710,380	7,153,901	43,600	(59,300)	
(4,500)	Less Departmental/Overheads recharged to HRA & Capital	(3,182,410)	(3,413,030)	0	3,100	7,600	
98,400	General Fund Total	13,864,560	14,297,350	7,153,901	46,700	(51,700)	

Previously Reported (Under)/ Over Spend Compared to Working Estimate £	Original Estimate 2008/09 £	Working Estimate 2008/09 £	Actual Income & Expenditure to 31st August as at 13/08/08 £	Projected (Under)/ Over Spend Compared to Working Estimate £	Movement from Previous Months Position	Report Paragraph References
Housing Revenue Account						
0	2,741,300	2,741,300	766,035	0	0	
58,700 (20,000)	(346,200)	(348,180)	192,957	95,000	36,300 m	
0	1,808,400	1,804,760	558,015	(20,000)	0 n	
0	(1,279,000)	(1,279,000)	(360,912)	0	0	
0	178,000	178,000	2,583	0	0	
0	226,860	226,860	111,554	0	0	
0	740,000	515,000	92,677	0	0	
(33,000)	14,944,740	14,957,240	70,233	(33,000)	0 d	
(25,000)	(20,840,000)	(20,840,000)	(5,460,454)	(25,000)	0	
3,600	2,671,290	2,901,910	0	(6,700)	(10,300) o	
=====	845,390	857,890	(4,027,312)	10,300	26,000	
(15,700)						
=====						
Capital						
Capital Expenditure						
HRA Capital						
0	6,658,000	6,658,000	1,768,255	0	0	
0	3,000,000	3,000,000	654,810	0	0	
0	315,000	315,000	50,993	0	0	
GF Capital						
0	329,000	575,000	33,154	0	0	
0	770,000	794,500	229,568	0	0	
0	1,028,100	1,068,600	246,210	0	0	
Capital Receipts						
0	(2,026,280)	(2,026,280)	(96,000)	0	0	
	(3,053,180)	(3,053,180)	(1,264,400)	0	0	
	0	0	(373,129)	0	0	
0	2,400,000	2,400,000	540,000	0	0	
(27,300)	(3,865,400)	(3,865,400)	(117,300)	(27,300)	0	
900	511,120	511,120	0	3,600	2,700 p	
=====	6,066,360	6,377,360	1,672,161	(23,700)	2,700	
(26,400)						
=====						

Notes:

1. This excludes sheltered housing and manual workers in the Housing and Environmental Services Department and capital charges which are reversed out in the General Fund summary.
2. This includes office accommodation at Cambourne and the depot at Landbeach but it excludes capital charges, which are reversed out in the General Fund summary and departmental recharges as the cost is already included in Departmental Accounts. It also includes Central Expenses and Central Support Services.
3. General Fund gross expenditure on services excluding recharges, capital charges and capital financing.

Monthly Budgetary Control Report - Staff Related Costs**Appendix B****Analysis of Departmental Over/Underspending as at 31st August 2008**

Departmental Accounts Salaries & Other Staff Related Costs	Cost Centre Manager	Over/ (Under) Spend	Over/ (Under) Spend	Action taken/ to be taken	Future Effect of action
Chief Executive					
HR/Payroll	S Gardner-Craig	5,100		Vacancy being covered by agency staff	
Legal	C Dunnett	(13,000)			
Land Charges	C Dunnett	(9,500)			
Electoral Registration	L Lock	3,300		Regrading & extra staff to cover elections	
Policy & Performance	P Swift	(800)		Regrading	
Partnership Officer	P Pope	(4,900)			
Communications	G Hayward	(2,500)			
Corporate Growth Areas	T Barrance	(12,100)		Vacancy now appointed	
Community Development	P Pope	1,300			
Accountancy	A Burns	(4,800)		Vacancy now recruited	
Rent Collection & Accounting	L Phanco	9,700		Approved overspending of £14,000	
Revenues	L Phanco	24,600		Approved overspending of £26,000	
ICT / Street Naming & Numbering	S Rayment	(14,500)		Recruitment to vacancies in progress	
Other		700			
Chief Executive's Total			(17,400)		
Executive Director					
New Communities Corporate Manager	S McBride	17,400		Vacancy more than offset by Consultant and recruitment costs	
Planning Corporate Manager	G Jones	(10,100)		Vacancy re-advertised	
Development Control	D Rush	(2,700)			
Planning Policy	K Miles	(4,600)			
Major Developments	J Green	(2,500)			
Conservation & Design	D Grech	(32,800)		Vacancy being covered by consultant	
Building Control	A Beyer	3,600			
Caretakers	B O'Halloran	1,900		Overtime to cover Evening Meetings	
Housing Strategic Services	M Knight	900			
Housing Futures	D.Lewis	(11,400)			
Housing Aid/Homelessness	S Carter	7,300		Advertising costs; vacancies covered by agency staff	
Sheltered Housing	T Cassidy	(3,100)			
Housing Management Services	A Goddard	(4,900)		Transfer from Reserves	
Housing Property Services	B O'Halloran	13,900		Redundancy Costs to be covered by virement allowed for below	
DLO Manager/Admin	A Clarke	(600)			
Environmental Health	D Robinson	(22,000)		Vacancies now filled	
Other		0			
Executive Director Total			(49,700)		
(Under)/Overspending on Departmental Staff Related Costs			(67,100)		
Pro rated projected (under)/overspend for the year assuming (under)/overspendings occur at the same rate			(161,000)		
Adjustment for current (under)/overspends not continuing for the remainder of year			(112,500)		
Gross projected (under)/overspend for the year assuming underspendings occur at the same rate			(273,500)		
Less:					
Assumed reduction for vacancies			255,000		
Net projected (under)/overspend for the year			(18,500)		

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	Period 2				Period 3				
	Underspend	Pro-rated	Adjustment	Net	Underspend	Pro-rated	Adjustment	Net	Movement
	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	
	£	£	£	£	£	£	£	£	£
HR/Payroll	0	0	-3,300	-3,300	-1,300	-5,200	-1,400	-6,600	-3,300
Legal	-8,000	-48,000		-48,000	-12,100	-48,400		-48,400	-400
Land Charges	-4,500	-27,000		-27,000	-6,800	-27,200		-27,200	-200
Electoral Registration	2,600	15,600	-10,400	5,200	2,700	10,800	-8,100	2,700	-2,500
Policy & Performance	400	2,400	1,300	3,700	-2,700	-10,800	9,000	-1,800	-5,500
PPP Corporate Manager	-15,400	-92,400	87,700	-4,700	-23,000	-92,000	87,300	-4,700	0
Communications	-1,000	-6,000		-6,000	-1,500	-6,000		-6,000	0
Corporate Growth Areas	-8,400	-50,400	42,000	-8,400	-9,900	-39,600	25,800	-13,800	-5,400
Community Development	500	3,000		3,000	900	3,600		3,600	600
Secretarial/Cambourne Reception	300	1,800	-600	1,200	200	800		800	-400
Accountancy	-4,500	-27,000	28,300	1,300	-4,300	-17,200	16,100	-1,100	-2,400
Rent Collection & Accounting	5,100	30,600	-16,600	14,000	6,800	27,200	-13,200	14,000	0
Revenues	16,200	97,200	-71,200	26,000	16,800	67,200	-41,200	26,000	0
ICT / Street Naming & Numbering	-7,400	-44,400	44,400	0	-10,900	-43,600	43,600	0	0
Other	-200	-1,200		-1,200	100	400		400	1,600
Planning Corporate Manager	-5,900	-35,400		-35,400	-8,900	-35,600		-35,600	-200
Development Control	-3,500	-21,000		-21,000	-3,300	-13,200		-13,200	7,800
Planning Policy	-1,500	-9,000		-9,000	-2,500	-10,000		-10,000	-1,000
Conservation & Design	-5,400	-32,400		-32,400	-16,000	-64,000	24,000	-40,000	-7,600
Housing Aid/Homelessness	13,900	83,400	-72,400	11,000	0	0		0	-11,000
Sheltered Housing	-1,400	-8,400		-8,400	-1,600	-6,400		-6,400	2,000
Housing Management Services	10,100	60,600		60,600	8,800	35,200		35,200	-25,400
Housing Property Services	-12,000	-72,000		-72,000	-10,500	-42,000		-42,000	30,000
Environmental Health	-4,600	-27,600		-27,600	-13,800	-55,200	34,000	-21,200	6,400
Other	0	0		0	-400	-1,600		-1,600	-1,600
Future Leavers			-41,100	-41,100			-39,400	-39,400	1,700
Total	-34,600	-207,600	-11,900	-219,500	-93,200	-372,800	136,500	-236,300	-16,800
Assumed Vacancies				255,000				255,000	
Projected Over/(under)spend				35,500				18,700	-16,800

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