

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet 8th May 2008
AUTHOR/S: Chief Executive/Best Value & Management Accountant

UPDATE ON FINANCIAL POSITION – (PROVISIONAL OUTTURN)

Executive Summary

1. The information in this report indicates the following projected (under)/overspends as compared to the working estimates. These are the revised estimates as approved by Council on 28th February 2008 adjusted for approved virements.

(a)	General Fund	£ (515,300);
(b)	Housing Revenue Account (HRA)	£ (200,700): and
(c)	Capital	£ (326,800)

2. The above figures include items that will be included in requests for rollover; if these are excluded from the figures then the projected (under)/overspends are:-

(a)	General Fund	£ (225,700);
(b)	Housing Revenue Account (HRA)	£ (188,200): and
(c)	Capital	£ (39,000)

3. If the information is compared to the original budget set in February 2007 then the projected (under)/overspends are: -

(a)	General Fund	£ (393,100);
(b)	Housing Revenue Account (HRA)	£ (87,300): and
(c)	Capital	£ 146,400

Background

4. This report indicates the provisional outturn position for the 2007-08 financial year and provides an update to the Financial Position report to the Resources Portfolio Holder on 3rd April 2008, which indicated the financial position at the end of February 2008.

Considerations

Financial Position

5. A summary position statement is provided at **Appendix A** and a more detailed breakdown of the Departmental Salary underspends is provided at **Appendix B**.
6. Highlighted below are the significant movements from the February position previously reported to SMT/Portfolio Holder.

Revenue

General Fund

- a. An analysis of the under/over spends for Salary related costs, as compared to the revised estimates, is attached in **Appendix B**, which indicates a net underspend of £62,200 an increased underspend of £16,900;
- b. Departmental Travel underspends total £37,700. These have not previously been reported as end of year adjustments re pre-payments on lease car payments distort the position during the year and thus make monitoring difficult;
- c. IT Departmental non salary related expenditure has underspent by £57,900 which is due to Contact Centre expenditure being £15,900 less than anticipated as staff numbers have been low which has led to reduced performance as previously reported to Cabinet, Network Equipment underspend of £19,000 and Software underspend of £23,000. Of these amounts £35,000 will be requested to be rolled over into 2008/09;
- d. Other departmental accounts non-salary related expenditure have underspent by £52,100 this includes HR consultancy & stationery of £15,300 and Executive Director consultancy of £8,100. The balance consists of minor underspends over other departmental revised estimates;
- e. Central Overheads are underspent by an additional £71,900 the major element being an underspend of £34,800 on centrally held training as vacancies in Human Resources has meant that the anticipated programme has not been completed and a rollover request will be submitted for this underspend;
- f. Recycling Credits are £15,000 more than the revised estimate due to the wholesale price of exported materials remaining high;
- g. Democratic Representation is underspent by £20,000 because referrals to the standards authority have less than anticipated and members computer equipment has underspent. The underspend of £5,000 on members computers will be requested to be rolled over into 2008-09;
- h. The expected payment of £80,000 for contaminated land restoration has been delayed because of a re-assessment of how this can be done, this will mean that a roll-over may be required but this could be substantially less than the £80,000;
- i. The options appraisal study of waste management procurement which was budgeted at £30,000 has slipped into 2008/09 and a roll-over will be required;
- j. Performance/Policy expenditure on Service First consultation amounting to £13,000 has slipped into 2008/09 a roll-over request will be submitted;
- k. Homeless payments are £30,000 less than the revised estimate because of continued success in preventative strategies to reduce the number of homelessness persons;
- l. Conservation has received £2,500 of income more than anticipated. Additionally, expenditure of £8,300 on extraordinary churchyard maintenance

has not proceeded, because of staff shortages, and will be required to be rolled over;

- m. The above has been offset by income on planning fees, building control and land charges being less than anticipated. Income from these services may also be less than anticipated in 2008-09 if the present economic conditions continue;

Housing Revenue Account (HRA)

- n. Housing Repairs underspend has increased by £19,300 but this has been counter-acted by a reduction in the income to the Direct Labour Organisation;
- o. There are predicted underspends of £25,000 on Tenant Participation, General Administration of £10,000 and Miscellaneous Income of £20,000. Of this £12,500 will be required to be rolled over into 2008-09;
- p. The only other change is the reduction in the recharges from departmental/overhead accounts which is a result of adjustment to allocations to these service accounts: and

Capital

- q. Slippage of Improvement Grants payments, because invoices from client’s contractors have not been received, has lead to an increased underspend of £169,300. A rollover of approximately £40,000 will be required to cover committed expenditure. The balance of slippage will not be required as this situation is expected to occur again next year and therefore these sums can be met from existing resources.

Implications

- 7. 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.

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

Consultations

- 9. None.

Effect on Corporate Objectives and Service Priorities

10. Work in partnership to manage growth to benefit everyone in South Cambridgeshire now and in the future	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.
Deliver high quality services that represent best value and are accessible to all our community	

Enhance quality of life and build a sustainable South Cambridgeshire where everyone is proud to live and work	
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Conclusions/Summary

11. The forecast underspend on the General Fund is now predicted as £515,300, an increased underspend of £330,300 compared to the position as at the 29th February 2008. This predicted underspend represents 3.97% of the revised budget (target within 3%).
12. Of this underspend £289,600 will be requested to be rolled-over into 2008/09 because of slippage. Therefore the true underspending is £225,700, which represents 1.82% of the revised budget.
13. If the above position is compared to the original estimates approved in February 2007 then there is a net underspend of £393,100, which equates to 3.06% of that estimate. Rollovers reduces this to £103,500 0.81% of the original estimate.
14. The HRA predicted underspend of £200,700 has increased by £115,900 from the position previously reported.
15. The Capital budget now has a predicted underspend of £326,800 attributable to the slippage of ICT and Improvement Grants into 2008/09.

Recommendations

16. Cabinet is requested to:-
 - a) Note the projected expenditure position and to refer the report to the next meeting of the Resources Portfolio Holder for more detailed consideration: and
 - b) Note that the final outturn position will be reported to the Cabinet at the meeting on the 3rd July.

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

Estimate Book 2007/08,
Revised Departmental/Overhead Accounts 2007/08,
Financial Management System Reports.

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