

Agenda Item:

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** SMT and Finance Portfolio Holder SMT - 16<sup>th</sup> July 2008  
Finance PFH – 24<sup>th</sup> July

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### FINANCIAL POSITION – APRIL TO JUNE 2008

#### Executive Summary

1. The information in this report indicates the following projected (under)/overspends as compared to the working estimates. These are the original estimates as approved by Council on 28<sup>th</sup> February 2008 adjusted for approved virements but not the roll-overs, which are pending ratification.

(a)	General Fund	£	(7,800);
(b)	Housing Revenue Account (HRA)	£	59,000: and
(c)	Capital	£	(4,400)

2. If the information is compared to the original budget then the projected (under)/overspends, when the roll-overs which are pending ratification are taken into account are: -

(a)	General Fund	£ 413,700;	2.98%;
(b)	Housing Revenue Account (HRA)	£ 71,500: and	0.33%:
(c)	Capital	£ 306,600	5.05%

#### Background

3. This report provides an update to the Budgetary Control report to SMT on 16<sup>th</sup> June 2008, which indicated the staff related costs position at the end of May 2008.
4. 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

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.

## 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 £21,300 a reduction of £56,800 from that in May. This reduction is due to a virement from Homeless Accommodation payments to cover agency staff and staff appointment costs in the Housing Aid & Homelessness Section and an assessment of savings due to potential future vacancies based on previous year's trends;
- c. Land charges income is currently £10,000 less than the profiled budget and if this continues for the rest of the year there will be a shortfall of £40,000. However, if the housing market downturn has an increasing impact this figure could rise;
- d. Refuse Collection is predicted to overspend by £50,000 due to increased fuel costs which have been partially offset by vacancies;
- e. Street Cleansing is estimated to underspend by £20,000 due to vacancies;
- f. Development Control has incurred significant expenditure on cost of appeals in respect of the appeals re Arbury Park & West Wickham. Advice on current applications has also incurred expenditure on consultants because of vacancies in the development control section. It is estimated that this will lead to a projected overspend of £50,000. Also, income is lower than estimated. It is unclear at the moment if this is due to seasonal factors or due to the slow down in the housing market and so has not been factored into the above figure. This will be monitored so that this can be included in future reports;
- g. Preliminary data from the bus operators indicates that this budget should be sufficient to cover the costs of the new scheme. However, at this early stage of the year the data is not yet considered robust enough to make any reliable estimates of eventual expenditure in this area. The position will continued to be carefully monitored;
- 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 for which we have not received invoices. It has been assumed that the estimate will be fully spent this year but this situation will be closely monitored;
- 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 Gershon 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 £139,100 as previously reported to SMT. 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 base rates rising whilst the economic forecasts assumed they would fall;

**Housing Revenue Account (HRA)**

- l. Housing Repairs extrapolated on current expenditure/commitments figures could overspend by £513,300, however this is likely to be distorted because repairs are initially coded to revenue and then capitalised when the final invoices are received. This is being investigated and will be monitored and actively managed so that the final position remains within budget. In **Appendix A** the projected position is forecast as break-even reflecting this;
- m. The in-house Building Maintenance Contractor (DLO) is currently predicted to overspend by £50,000 due to fuel price rises, 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 is being undertaken to attempt to reduce future expenditure so that that the DLO breaks even;
- n. Sheltered Housing salaries are currently underspent by £27,000 because of vacancies, which have now been appointed to. However, it is anticipated that this amount will be needed to be vired into Sheltered Housing departmental salaries to backfill the supported housing manager, to maintain operational management, whilst she is providing additional managerial and tenant participation support to the housing futures project;
- 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: and

**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 underspend is due to the estimated proportion of salary underspends that will be recharged at the end of the year to capital.

**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. <b>Work in partnership to manage growth to benefit everyone in South Cambridgeshire now and in the future</b>	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.
<b>Deliver high quality services that represent best value and are accessible to all our community</b>	
<b>Enhance quality of life and build a sustainable South Cambridgeshire where everyone is proud to live and work</b>	

## Conclusions/Summary

11. The forecast overspend on the General Fund as compared to the original estimates then there is a net overspend of £413,700, which equates to 2.98% of the Net District Council Expenditure original estimate. This is due to the fact that rollovers, which are awaiting ratification, have been assumed to lead to increased spending over that originally approved. Without these roll-overs there would be an underspend of £7,800 on the General Fund which amounts to 0.06% of Net District Council Expenditure.
12. 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.
13. The HRA predicted overspend of £71,500 equates to 0.33% of total expenditure.
14. Capital has a predicted overspend of £306,600 5.05% of net expenditure.

## Recommendations

15. SMT is requested to: -

Note the projected expenditure position and to refer the report to the next meeting of the Finance Portfolio Holder for more detailed consideration.

**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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