

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO:	SMT	SMT – 22 December 2009
	Finance & Staffing Portfolio	20 January 2010
AUTHOR/S:	Executive Director (Corporate Services) / Head of Accountancy	

FINANCIAL POSITION – APRIL TO NOVEMBER 2009 & PROJECTED OUTTURN

Purpose

1. To provide SMT with an updated position statement on the General Fund, HRA and Capital Expenditure.

Executive Summary

2. 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 26 February 2009 adjusted for approved virements, roll-overs and additions to cash limits in the case of service accounts and the revised estimates for the staffing and overhead accounts as agreed by SMT on 9th December 2009 and the Finance & Staffing Portfolio Holder on 16th December.

	November's Projected Outturn		October's Projected Outturn	
	£	%	£	%
General Fund	403,000	2.60	471,300	3.05
Housing Revenue Account (HRA)	(100,800)	(0.44)	(2,600)	(0.01)
Capital	(308,700)	(2.92)	(146,200)	(1.39)

Background

3. This report provides an update to the October Financial Position.
4. In light of the previous years' underspendings the methodology for selecting the areas to be individually reported has been reviewed. 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

5. A summary position statement is provided at **Appendix 1**.
6. Highlighted below are the significant items.

7. **Revenue**

General Fund

- a. An analysis of the under/over spends for Salary related costs, as compared to the revised estimates as reported to SMT on 9th December, indicates a net underspend of £21,900;
- b. Additionally, as indicated in the report to SMT, the departmental and overhead accounts are £74,000 less than the adjusted original estimates;
- c. **Land Charges** income is greater than expected and this is predicted to be £43,000 more than the estimate;
- d. **Refuse Collection** is currently overspent due to a shortfall of income, as reported to the Environmental Health Portfolio Holder. It is anticipated that proactive management of budgets will mean that other areas within the Environmental Health Portfolio will underspend thus balancing this potential overspend;
- e. **Development Control Expenditure** is predicted to overspend by £25,000 because of £20,000 additional expenditure on the Wadlow Wind Farm appeal and £5,000 on judicial review costs;
- f. **Development Control income** is lower than estimated owing to the slow down in the housing market and the consequential effect on income. The current shortfall equates to a predicted overspend of £332,000.

This projection assumes some upturn towards the end of the financial year but not as great as that assumed when the estimates were set back in January 2009. It has also been assumed that there will be £5,000 income this year from pre-application fees due to come in to effect on 1st October compared to an estimate of £20,500.

Having now received notification of the provisional Housing & Planning Delivery Grant for 2009/10 there is expected to be a balance on that Reserve of £1,116,500 at the end of March 2010 and this could be used to partly offset the above projected overspend. However, this has been earmarked to fund current established posts in Planning and other services in later years.

- g. **Building Control** fee income is less than estimated. The current shortfall equates to a predicted overspend of £170,000. However, this will be offset at the end of the financial year by a transfer from reserves amounting to £177,000 giving a net underspend of £7,000;
- h. **Concessionary Fares**
A major operator has increased fares for 2009/10 by between 8% and 10% and this will increase the cost of reimbursement for 2009/10. The budget for 2009/10 was set at £588,000 in comparison to £433,000 in 2008/09 to allow for increased passenger journeys resulting from the new park and ride at Milton and the introduction of the guided bus way, plus other potential variations such as fare increases. On the basis of information received from the County Council it is estimated that the overspend will be £65,500;
- i. We have received £91,900 **Local Authority Business Growth Incentive** grant which has been assumed to offset current planned expenditure and thus will be a corresponding underspend;

- j. **Corporate Management** will overspend by £35,000 because of increased external audit fees due to advice and additional work in the closure of the Statutory Accounts;
- k. Savings of £481,000 have been identified which exceeds the **Savings Target** of £325,000, as reported previously to SMT. This additional saving of £156,000 has now be incorporated into this position statement;
- l. **Interest on Balances** has an expected shortfall of £380,000 of which £14,700 will be a reduction in interest attributable to the HRA balances. This is due to the rates being lower than those predicted when the budget was set;

Housing Revenue Account (HRA)

- m. **Supported Housing** is predicted to underspend by £90,000 due to vacancies;
- n. **Outdoor Maintenance** is expected to underspend by £30,000 due to a reduction in the number of grass cuts and only doing essential other works;

Capital

- o. **Acquisition of Existing Dwellings** is lower than expected and is predicted to be £200,000 less than planned and similarly **Equity Share Sales** receipts are expected to be lower by £200,000;
- p. The HRA Capital Programme allowed for £115,000 of unidentified expenditure which so far has not been required and is therefore a potential underspend;
- q. **ICT Development** as reported to SMT in the Staffing as Central Overheads revised capital programme has been rephrased by £196,000 into 2010/11 thus reducing expenditure in this year but increasing planned expenditure in 2010/11: and
- r. In November £645,000 has been received in respect of four **Right to Buy Sales**, when previously we had only sold one property. Therefore, the projection has now been changed to a break-even position and the **pooling payment to the Government** has been similarly changed. This has had the effect of increasing the underspend by £190,000.

Implications

- 8. 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.

9.

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

Consultations

- 10. None.

Effect on Strategic Aims

11.	Commitment to being a listening council, providing first class services accessible to all.
	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.
	Commitment to ensuring that South Cambridgeshire continues to be a safe and healthy place for all.
	See above
	Commitment to making South Cambridgeshire a place in which residents can feel proud to live.
	See above
	Commitment to assisting provision for local jobs for all.
	See above
	Commitment to providing a voice for rural life.
	See above

Conclusions/Summary

12. The forecast outturn on the General Fund as compared to the working estimates adjusted for approved virements and cash limit increase is a net overspend of £580,000. Using the balance on the Building Control Reserve will reduce this by £177,000 to give a net overspend of £403,000. This net overspend amounts to 2.60% of Net District Council Expenditure for the financial year ending 2009/10.
13. The HRA predicted underspend of £100,800 equates to 0.44% of gross expenditure.
14. Capital has a predicted underspend of £308,700, which is 2.92% of gross expenditure. However, when the programme items that have been rephrased into 2010/11 are excluded, this underspend is reduced to £122,700 1.16% of gross expenditure.

Recommendation

15. SMT is requested to note the projected expenditure position and to refer the report to the next meeting of the Finance & Staffing Portfolio Holder for more detailed consideration.

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

Original Estimates 2009/10,
Revised Departmental & Overhead Accounts Estimates 2009/10,
Financial Management System Reports.

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