

Policy Committee – 21st May 2013

INTERIM REVENUE BUDGET MONITORING REPORT - QUARTER 4 2012/2013



Report of the Corporate Head of Financial Management

Ward(s) affected: All

1. Purpose of Report

- 1.1 To advise members of the revenue budget position of the Council, based on the Quarter 4 review of income and expenditure to the end of March 2013.

2. Recommendations

- 2.1 Members to note the revenue budget monitoring position as at 31 March 2013
- 2.2 Members approve a carry forward of £33,150 to increase the 2013/14 contingency to £100,000.
- 2.3 Members approve the transfer of the balance of the revenue budget surplus to three earmarked reserves – Building Maintenance, IT Development & Replacement and Vehicle Fleet Replacement. The allocations to be delegated to the Corporate Head (Financial Management) Section 151 Officer.

3. Background Information

- 3.1 On 22 February 2012 the Council approved its Revenue Budget at £6,894k for 2012/13.
- 3.2 The budget included:
- A compensatory grant of £85k, equivalent to an increase of 2.5%, which is payable for one year only.
 - Contributions to Earmarked Reserves are as follows:

| | |
|----------------------------|-------|
| Enabling Efficiencies Fund | £39k |
| Planning Reserve | £80k |
| New Homes Bonus Reserve | £367k |
 - Overall savings of £316k in the net cost of services.
 - Growth pressures of £219k were included in the 2012/13 budget, of which £51k are ongoing, i.e. will impact on the base budget in

future years.

- A Corporate Contingency of £101k. (Transfers from / to the Corporate Contingency were made during the year as service costs / savings were realised).

4. Quarter 4 Financial Performance

4.1 Based on the March budget monitoring exercise, the Council's performance against budget is a projected underspend of £275k for the full financial year. Members should note however that this is not the final position. Work on the final accounts is underway and further final adjustments will be made.

4.2 Currently one such adjustment for £126k has arisen relating to the claw back of housing & council tax benefit subsidy in respect of previous years 2009/10 to 2011/12. This reduces the estimated overall surplus to £149k. Despite this it is an overall improvement of £115k on the Q3 projected outturn of £34k. Estimated financial performance at the end of Q4 is summarised in Appendix A1 and Table 1 below.

Table 1: Summary Of Interim Outturn Position As At 31 March 2013

| | Approved Budget 2012/13 £ | Expected Outturn 2012/13 £ | (Under) / Overspend 2012/13 £ |
|--|---------------------------------|----------------------------------|--|
| <u>Services</u> | | | |
| Chief Executive / Director of Services | 1,911,581 | 1,768,154 | (143,427) |
| Resources Department | 1,836,126 | 1,769,861 | (66,265) |
| Community Department | 2,155,758 | 2,120,361 | (35,397) |
| Total Service Related Costs | 5,903,465 | 5,658,376 | (245,089) |
| <u>Corporate Costs</u> | | | |
| Investment Income | (20,940) | (69,520) | (48,580) |
| Interest Payable | 302,000 | 302,470 | 470 |
| MRP for Capital Financing | 320,960 | 321,870 | 910 |
| Recharges to capital excluded from Net costs of Services | (25,000) | 0 | 25,000 |
| Corporate Contingency | 7,247 | 0 | (7,247) |
| Total Revenue Budget 2012/13 | 6,487,732 | 6,213,196 | (274,536) |
| Year End Accounts Adjustments | | 125,821 | 125,821 |
| Adjusted Estimated Outturn | 6,487,732 | 6,339,017 | (148,715) |

- 4.3 A further report on the expected outturn will be brought to the meeting of Policy Committee in July following approval of the draft Statement of Accounts by the S151 Officer. The formal audited Statement of Accounts will be presented to the Audit and Governance Committee on 24 September 2013.

Service Related Costs

- 4.4 Services are currently showing a projected favourable variance of £245k. Details of the variances are set out in Appendices A2 to A4. The main factors giving rise to the variances are:

Chief Executive / Director of Services

- 4.5
- ✓ Savings in operational computer costs (Network and Applications) of £70k.
 - ✓ Savings in employee costs of £45k across various services.
 - ✓ Savings in supplies/services (Printing/Training/Equipment) of £30k.

Resources

- 4.6
- x Car Parks are projecting an adverse variance of £70k. Lower than expected Parking Fees of £91k partially offset by additional excess charges and permits of £21k.
 - ✓ Skipton Town Hall hire income is £23k greater than budget and £15k upon 2011/12.
 - ✓ Savings in External audit costs (new supplier following abolition of the Audit Commission) consultants and insurance amount to £70k.
 - ✓ Grounds maintenance contract savings have been achieved - £30k (The saving has been incorporated into the 2013/14 budget).
 - x Belle Vue Square costs (utilities/services/NNDR) are £18k over budget. (The 2013/14 budget incorporates these increases).

Community

- 4.7
- x Waste Management is overspent by £70k. This primarily due to higher than expected Parts/Fuel costs of £45k and net trade waste operational costs of £14k.
 - x Building Control – Fee earning is showing a £30k shortfall in income due to general economic conditions, the 2013/14 budget reflects this position.

- x Additional costs of £38k have been incurred in Planning Appeals.
- ✓ Housing Services is showing an underspend of £22k following a decision to bring the Housing Advice Service in-house from 1st May 2012 (a report to Policy Committee forecast savings of at least £12k).
- ✓ The decision to combine Skipton TIC with the Museum Service has resulted in increased sales of £13k and savings in employees of £11k.
- ✓ Bereavement Services Cremation Income is £68k greater than budget and 13% up on 2011/12.
- ✓ Environmental Health Services show an underspend for the year of £36k, a combination of savings in computer/employee costs of £26k and additional income £10k.

Corporate Costs

- 4.8
- ✓ The quarter 4 corporate costs are showing a favourable variance of £29k. This relates to additional investment income of £48k and a reduced charge to capital schemes of £25k due to changes in programme.
 - ✓ Corporate contingency savings of £7k have been achieved. In year virements from contingency to the Service departments / Cost Centres have been made totalling £94k.

Savings

- 4.9 The budget for 2012/13 had a savings target of £316k. The out turn against this target was £269k. A list of these savings with comments is shown at Appendix B. The 2013/14 budget incorporated these savings.

Main Risk Areas

- 4.10 The 2012/13 Revenue Budget report highlighted the main risk areas to the Council as sustaining income levels in the current economic climate, and implementing the savings that have been built into the budget. These risks will continue in to 2013/14 and beyond.
- 4.11 Income streams from Parking fell short of budget by £69k (5%) whilst the shortfall on Development Control service income was £32k (12%) and Building Control £29k (16%) and this has been reflected in the budget income targets for 2013/14.
- 4.12 Budget monitoring clinics are held with budget holders on a quarterly basis. Statistics showing performance against income and salary budgets are also presented to CLT on a monthly basis.

5. Financial Position

- 5.1 Following conclusion of the external audit, the Council has a General Fund unallocated balance of £1,030k at 31 March 2012. This balance has not been utilised during 2012/13.
- 5.2 The Council's policy is to increase the General Fund Balance to a prudent level. This is essential in order to mitigate against the risk of unplanned movements from budgeted net expenditure levels and to cover for day to day cash flow variances. Moreover, a robust level of reserves will help the Council mitigate against the risks of ongoing funding cuts.
- 5.3 The 2013/14 revenue budget is not without pressures, and as a consequence the contingency was set at £67k. It is proposed that this is increased to £100k through the use of £33k of the 2012/13 surplus.
- 5.4 The Medium Term Financial Strategy (MTFS) highlighted the funding pressures that the revenue budget is facing from 2014/15. In addition the Capital Programme for 2013/14 and beyond has funding challenges and the decision on the options to fund the 2013/14 programme was deferred until the outturn for 2012/13 was known. It is proposed that the balance of the surplus from 2012/13 is used to create the three earmarked reserves proposed in the MTFS, namely Building Maintenance, IT Development & Replacement and Vehicle Fleet Replacement.

6. Summary

- 6.1 The impact of the economy on the Council's income streams and their volatility is a risk to the Council and will need to be managed closely going forward.
- 6.2 The General Fund Revenue Balance currently stands at £1,030k. This will assist in mitigating against the risk of unplanned movements from budgeted net expenditure levels, as well as the impact of changes in local government funding.
- 6.3 The Council has managed its budget within 2012/13 and generated savings for its budget targets in 2013/14 and beyond.

7. Implications

7.1 Financial and Value for Money Implications

All financial implications are contained in the body of the report.

7.2 Legal implications

None as a direct result of this report. The Council set a balanced budget for 2012/13, and going forward it is a further requirement that the budget is

balanced.

7.3 Contribution to Council Priorities

The delivery of a balanced and managed budget is critical to the well being of the Authority.

7.4 Risk Management

Failure to achieve a balanced budget in the financial year would have had serious consequences for the Council.

7.5 Equality Impact Assessment

The Council's Equality Impact Assessment Procedure **has been** followed. An Equality Impact Assessment **has not** been completed on the proposals as completion of **Stage 1- Initial Screening** of the Procedure identified that the proposed policy, strategy, procedure or function **does not have** the potential to cause negative impact or discriminate against different groups in the community based on •age • disability •gender • race/ethnicity • religion or religious belief (faith) •sexual orientation, or • rural isolation.

8. Consultations with Others

None

9. Access to Information : Background Documents

None

10. Author of the Report

Nicola Chick – Interim Finance Manager & Deputy s151
Telephone: 01756 706202
E-mail: NChick@cravendc.gov.uk

11. Appendices

Appendix A – Analysis of projected outturn by Department / Cost Centre Group.

Appendix B – 2012/13 Savings List