

**REVENUE AND CAPITAL BUDGET MONITORING REPORT- TO END OF DECEMBER 2012**

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**Executive Summary:**

This report advises Cabinet of the forecast outturn position for the General Fund; Housing Revenue Account (HRA) and Dedicated Schools Grant.

The General Fund revenue forecast outturn is an underspend of (£0.373m) (an improvement of (£0.034m) since Period 8 [P8]). Service Groups are currently forecasting an overspend of £0.199m and there is an underspend on Debt Financing (£0.572m).

The Dedicated Schools Grant is reporting a forecast underspend of (£0.099m) against budget (a decrease of £0.645m) since P8).

The Housing Revenue Account is reporting a forecast in year overspend of £0.883m against a budgeted deficit of £0.046m (decrease in overspend of (£0.159m) since P8). This will result in a HRA balance of £4.628m at 31 March 2013 against a budgeted HRA balance of £4.499m. The forecast position for HRA balance remains in line with the minimum prudent level.

The Capital Programme is forecasting an underspend of (£2.160m) against the latest spend approval. One capital project is currently assessed as Red.

At the end of December 1 Corporate Projects was assessed as Red with a further 4 assessed as Amber/Red. Details of these schemes is set out within the report.

The workforce has seen a reduction of 109.08 full time equivalents positions from 1 April to 31 December 2012.

This report includes an update on Treasury Management activity and an update on the Council's write offs for the first nine months of the financial year.

This report also includes the declaration of the estimated Collection Fund balance for 2012/13 in line with Local Authorities Regulations 1992.

## 1. Recommendation(s)

- 1.1 That the forecast outturn positions reported by Service Groups of an overall forecast General Fund revenue underspend of (£0.373m) be noted.
- 1.2 That the estimated outturn for the Collection Fund 2012/13, of a surplus of £1.390m, as estimated at 15 January 2013, be noted.
- 1.3 That the expenditure to date and projected outturn for the 2012/13 Capital Programme be noted.
- 1.4 That the Project Management position at the end of December 2012 be noted;
- 1.5 That the movement in the establishment be noted.
- 1.6 That the Treasury Management activity during the first nine months of the year be noted.
- 1.7 That the write off of the following National Non Domestic Rate accounts, which are deemed irrecoverable be approved:
  - (a) New City Nites Ltd - £29,714.95
  - (b) Enpol Ltd - £55,418.62
  - (c) Yugoslav Refugee Appeal - £29,810.46 (spread over 2 accounts)

## 2. Corporate Leadership Team (CLT) view on P9 Monitoring

- 2.1 The Period 9 (P9) Budget Monitoring shows an adverse movement on Service Groups of £0.066m offset by further savings in Debt Financing (£0.100m). There are a number of movements within Service Groups at P9 but the majority relate to issues identified in earlier months.
- 2.2 The one new issue is the adverse movement of £0.180m in Community Facilities Unit due to the Golf Course Management Ltd at Windmill Hill being declared insolvent. This is partially mitigated by favourable movements in other Service Groups.
- 2.3 Service Groups are delivering an overall overspend of £0.199m which is offset by an underspend on Debt Financing of (£0.572m). CLT will continue to monitor the position closely to ensure the remaining 2012/13 budget savings are implemented and progress is being made to enable the delivery of 2013/14 savings.
- 2.4 The position on capital is that forecast spend is largely in line with spend approval as rephasing of schemes has now taken place. The general management of capital schemes is good, with few overspends being reported and schemes being delivered.

- 2.5 The only project which is currently seen as a risk is Wolverton Station. CLT are receiving regular updates on this project including the steps being taken to resolve the position. Lessons learnt from this project will be used as appropriate to improve project management and financial management and reporting.
- 2.6 As P9 is the end of a quarter, this report also includes updated information for Corporate Projects, Establishment, Treasury Management and Write Offs.
- 2.7 The Establishment information at 31 December 2012 shows that the workforce has been reduced by 109.08 full time equivalents in the first nine months of the year. This reflects ongoing restructures undertaken in meeting savings targets agreed in the 2012/13 budget.
- 2.8 Of the 48 Corporate Projects 42 are currently assessed by Programme Boards as Green or Amber/Green while 4 are assessed as Amber/Red and 1 as Red.

### General Fund Revenue Outturn Monitor

- 2.9 Table 1 below shows the forecast revenue outturn figures as at the end of December 2012 as being an underspend of (£0.373m) against the budget.

**Table 1: Projected Outturn as at December 2012**

	<b>Budget £'000</b>	<b>Forecast Outturn £'000</b>	<b>Projected Variation £'000</b>
Integrated Support & Social Care	38,867	38,505	(362)
Education, Effectiveness & Participation	26,402	26,282	(120)
Adult Social Care & Health	63,309	62,167	(1,142)
Housing & Community	2,290	2,646	356
Community Facilities Unit	12,151	12,329	178
Resources: Finance, HR & Governance	10,018	10,123	105
Resources: Public Access	303	347	44
Environment & Waste	17,527	17,741	214
Neighbourhood Services	8,388	9,239	851
Regulatory unit	3,778	3,689	(89)
Highways and Transportation	18,191	18,626	435
Corporate Core	1,453	1,200	(253)
Planning, Economy & Development	1,896	1,878	(18)
<b>Net Operating Expenditure</b>	<b>204,573</b>	<b>204,772</b>	<b>199</b>
Debt Financing and Interest Charges	21,307	20,735	(572)
Levies	444	444	0
Sustainability Items	4,660	4,660	0
Corporate Savings & One-off Pressures	4,069	4,069	0

	Budget £'000	Forecast Outturn £'000	Projected Variation £'000
Asset Rentals	(34,922)	(34,922)	0
<b>Projected outturn position</b>	<b>200,131</b>	<b>199,758</b>	<b>(373)</b>
Formula Grant	(81,611)	(81,611)	0
Early Intervention Grant	(11,188)	(11,188)	0
Council Tax (including Freeze Grant)	(98,684)	(98,684)	0
Learning Disability Reform Grant	(3,631)	(3,631)	0
Other Reserves	(5,017)	(5,017)	0
<b>Total Resources available</b>	<b>(200,131)</b>	<b>(200,131)</b>	<b>0</b>
<b>(Addition)/Reduction in General Fund</b>	<b>0</b>	<b>(373)</b>	<b>(373)</b>

2.10 Table 2 below analyses the outturn by Service Group and shows where the movements have occurred.

**Table 2: Analysis of Projected Service Group variances at P8 and P9:**

Projected Service Group variances for the year ending 31st March 2013	Variance Period 8	Variance Period 9	Movement
	£'000	£'000	£'000
Integrated Support & Social Care	(380)	(362)	18
Education, Effectiveness & Participation	44	(120)	(164)
Adult Social Care & Health	(1,018)	(1,142)	(124)
Housing & Community	232	356	124
Community Facilities Unit	(2)	178	180
Resources: Finance, HR & Governance	9	105	96
Resources: Public Access	157	44	(113)
Environment & Waste	320	214	(106)
Neighbourhood Services	790	851	61
Regulatory unit	(85)	(89)	(4)
Highways and Transportation	365	435	70
Corporate Core	(246)	(253)	(7)
Planning, Economy & Development	(53)	(18)	35
<b>Total by Service Group</b>	<b>133</b>	<b>199</b>	<b>66</b>
Debt Financing and Interest Charges	(472)	(572)	(100)
Levies	0	0	0
Sustainability Items	0	0	0
Corporate Savings & One-off Pressures	0	0	0
Asset Rentals	0	0	0
<b>TOTAL MOVEMENT</b>	<b>(339)</b>	<b>(373)</b>	<b>(34)</b>

### Main movements since Period 8

- 2.11 Education, Effectiveness & Participation has seen an improvement of (£164k) since period 8. This is made up of a number of movements with the only significant variation arising from the closure of the Property Support team (£78k).
- 2.12 Adult Social Care & Health has seen an increase in underspend of (£124k) since period 8. The key movements include the realisation of training savings (£150k) in Commissioning & Contracts due to delays in recruiting a manager and staff vacancies (£89k); A robust review of the Physical Disability current activity, particularly in Domiciliary Care (£151k); offset by an overspend on Internal Homecare £152k due to under achievement of client contribution income, particularly at St. Giles.
- 2.13 Housing & Community has seen an increase in overspend of £124k since period 8 mainly because of increased Bed & Breakfast (B&B) expenditure due to continued high level of placements.
- 2.14 Community Facilities Unit has seen an adverse movement since period 8 of £180k. This is due to the Golf Course Management Ltd at Windmill Hill being declared insolvent; the variance represents some irrecoverable debt, loss of income and costs associated with acquiring new management.
- 2.15 Resources: Public Access has seen a favourable movement in period of (£113k). This includes an improvement in the ICT overspend from photocopier rentals and print charges (£69k) and an increase in the Admin Buildings utility, repairs and maintenance costs underspend (£56k).
- 2.16 Environment & Waste has seen an improvement of (£113k) since period 8. The Materials Recycling Facility (MRF) income forecast has been updated to allow for anticipated success in recovering additional income claims.

### Significant Revenue Variances

- 2.17 The areas forecasting significant variances at period 9 are outlined in **Annex A** while **Annex B** shows the position on savings and one-off pressures within the 2012/13 budget and budget rollovers from 2011/12.

### Impact on General Fund Balances

- 2.18 If the forecast outturn set out in Table 1 remains unchanged to the end of the financial year, the General Fund balance will be:

**Table 3: General Fund Balance 2012/13**

	<b>Forecast Outturn £'000</b>
<b>General Fund balance at 1st April 2012</b>	<b>(8,796)</b>
Forecast underspend	(373)
<b>Estimated General Fund Balance at 31<sup>st</sup> March 2013</b>	<b>(9,169)</b>

2.19 However, the Cabinet are committed to ensuring that this underspend is used as appropriate to maintain demand led reserves, in line with the risk assessment for the 2013/14 Budget. This also reflects the Council resolution to ensure the Adult Social Care underspend is used to maintain a specific demand led reserve to reflect the risks in the 2013/14 budget.

### **Collection Fund**

2.20 The Council is required by regulations under the Local Authorities Regulations 1992 to make an estimate as at 15 January each year of the amount of the deficit or surplus on this account as at the year end.

2.21 The projection of the closing Collection Fund balance shows an in-year surplus of £1.390m. In line with the Council's agreed financial principles, these one-off resources will be used to fund one-off budget pressures in 2013/14. the details of the one-off budget pressures and the resources used to meet these pressures will be set out in the Medium Term Financial Plan and Budget Reports to February Cabinet.

### **Dedicated Schools Grant (DSG)**

2.22 The Dedicated Schools Grant is forecasting an underspend of (£0.099m) against central expenditure and income. This is a decrease of £0.645m compared to a forecast underspend of (£0.744m) at period 8. This movement is mainly due a payment made following the removal of discretionary rate relief on NNDR for Stantonbury Campus £342k and a further payment for the MK Safety Centre of £90k agreed at Schools Forum on the 25<sup>th</sup> October 2012 to honour previous commitments. There is also an overspend on Early Years contingency £191k due to an increase in 3 and 4 years olds in Private, Voluntary and Independent settings (PVI's) and schools following autumn headcount.

### **Housing Revenue Account (HRA)**

2.23 The in year HRA forecast is expected to be overspent by £0.883m (decrease in overspend of (£0.159m) since P8). This is primarily due to a reduction in the contribution to the Major Works Bad Debt Provision for amounts expected to be recharged to leaseholders this year.

2.24 Taking both the higher than anticipated balance brought forward and the forecast in year overspend set out in 3.14 above, the projected HRA balance at March 2013 is forecast to be (£4,628k) compared to budget of (£4,499k). This continues to be in line with the Prudent Minimum HRA level set as part of the 2012/13 Budget process.

**Table 4: HRA Outturn Summary**

	<b>2012/13 Budget £'000</b>	<b>Period 9 £'000</b>	<b>Variance £'000</b>
Uncommitted reserve b/f	(4,545)	(5,511)	(966)
Net (surplus)/deficit in year	46	883	837
Uncommitted reserve c/f	<b>(4,499)</b>	<b>(4,628)</b>	<b>(129)</b>
<b>Prudent Minimum HRA level</b>	<b>(4,100)</b>		

### 3. Capital

- 3.1 This report monitors against Spend Approval of £109.232m. At the end of December the forecast outturn is £107.149m, an overall net underspend of (£2.083m) against the latest Spend Approval. However this figure includes likely rephasing of £1.413m bringing the position to a net underspend of (£0.670m), this predominately relates to various underspends in Education, Effectiveness and Participation and small underspends in the other Service Groups.
- 3.2 The Capital Revisions report elsewhere on this agenda sets out the rephasing identified at this point of the year. Any rephasing identified in the remainder of the financial year will be actioned at the end of the financial year, once the final spend on individual schemes has been confirmed.

**Table 5: Summary of capital expenditure forecasts as at 31<sup>st</sup> December 2012**

Service Group	Latest Spend Approval £m	Forecast Spend as at 31/12/12 £m	Variation Over /(under) Spend Approval £m
Resources :Public Access	46.545	46.451	(0.094)
Adult Social Care & Health	0.454	0.454	0.000
Housing and Community: Housing	22.344	22.010	(0.334)
Housing and Community: Regeneration and Community Safety	0.000	0.000	0.000
Community Facilities Unit	9.167	9.136	(0.031)
Children & Families: Integrated Support and Social Care	1.132	1.128	(0.004)
Children & Families: Education, Effectiveness and Participation	17.032	15.901	(1.131)
Planning, Economy & Development	0.306	0.306	0.000
Highways & Transportation	11.013	10.662	(0.351)
Neighbourhood Services	1.239	1.101	(0.138)
<b>Total</b>	<b>109.232</b>	<b>107.149</b>	<b>(2.083)</b>

- 3.3 **Annex C** shows the current forecast position on all schemes compared to Spend Approvals, which is the total Spend Approval assuming the recommendations from the Capital Programme Review Panel shown in the Capital Programme Revisions Report elsewhere in this agenda are approved.
- 3.4 All schemes have been assessed by Project Managers with regard to their RAG Status in relation to the following key criteria, Time, Cost, Scope and Benefits:

- Green – All key criteria will be achieved. Risks are being managed
- Green/Amber – One of the key criteria cannot be delivered within tolerance; project risks are being managed
- Red/Amber – Two or three of the key criteria cannot be delivered within tolerance; risks need to be escalated.
- Red – All four key criteria cannot be delivered without further significant intervention (consider whether the project should continue). Risks need to be escalated.

3.5 At the end of period 9 the position on capital projects reported by Project Managers is:

Green	41
Green/Amber	14
Red/ Amber	0
Red	1

3.6 The one project assessed to be Red is Wolverton Station. This project has been escalated to Red due to claims by the contractor over design changes and drainage issues raised by the utility company. Claims resolution negotiations are currently ongoing with the contractor and it is hoped that the final outturn will be within the current forecast although this is currently proving a challenge.

3.7 **Annex C** shows the main variations in forecasts against the capital programme.

#### 4. Corporate Projects

4.1 Attached at **Annex D** is the Quarter 3 December 2012 Corporate Project Dashboard.

<b>Corporate Projects</b>	<b>Red</b>	<b>Amber/Red</b>	<b>Amber/Green</b>	<b>Green</b>	<b>Closed</b>
Corporate Projects	<b>1</b>	<b>4</b>	<b>20</b>	<b>22</b>	<b>1</b>
OTP Programme	<b>0</b>	<b>7</b>	<b>17</b>	<b>3</b>	<b>2</b>
Percentage	<b>1%</b>	<b>14%</b>	<b>49%</b>	<b>32%</b>	<b>4%</b>

4.2 There are 77 projects/programmes on the Corporate Project Dashboard. The majority (81%) of projects are rated GREEN, AMBER/GREEN.

4.3 Detail on the OTP Programme items is included within the Corporate Dashboard for information and reported to the Corporate Affairs and Performance Select Committee.

4.4 There is 1 RED Corporate Project and 4 projects rated AMBER/RED.

4.5 The project rated as Red is the capital project mentioned in para 3.6 above:

- Wolverton Station – Negotiations are ongoing with the contractor;

4.6 The projects rated as Amber/Red are set out below:

- Local Investment Plan (LIP) – This has been delayed as the Plan was originally due to be considered by Cabinet in November, but is now scheduled to be considered in 2013/14;
- Secklow Bridge (insurance claim) – Amber/Red as the insurance claim has not yet been agreed;
- Local Land and Property Gazetteer – Project is currently on hold and will be reviewed in April; and
- Electronic Document and Records Management System (EDMRS) – Recruitment process is currently underway in order to start the project.

## 5. Establishment Reporting

5.1 The total establishment at the end of December 2012 is 2,094.44 FTE, a reduction of 109.08 FTE since the base position was agreed in March 2012. This represents a reduction of 4.95%. The analysis of this movement is attached as **Annex E**.

## 6. Treasury Management

6.1 The Treasury Management update report is attached as **Annex F**. This covers the period to 31 December 2012.

## 7. Write offs

7.1 A summary of the amounts written off against various types of debt is attached as **Annex G**.

7.2 The majority of the write offs have already been actioned in line with the Financial Scheme of Delegation. There are three National Non Domestic Rate accounts which are over £20,000 and require Cabinet approval to be written off. These are:

- New City Nites Ltd - £29,714.95
- Enpol Ltd - £55,418.62
- Yugoslav Refugee Appeal - £29,810.46 (spread over 2 accounts).

## 8. Annexes to this Report

<b>ANNEX A</b>	Analysis of revenue variances at period 9
<b>ANNEX B</b>	Budget Rollovers, One-off pressures and savings
<b>ANNEX C</b>	Capital Forecast at period 9
<b>ANNEX D</b>	Corporate Projects Dashboard
<b>ANNEX E</b>	Establishment movement at period 9
<b>ANNEX F</b>	Treasury Management report at period 9
<b>ANNEX G</b>	Summary of Write Offs to period 9

## 9. Implications

### 9.1 Policy

The recommendations of this report are consistent with the Council's Medium Term Financial Plan and the draft 2013/14 Revenue Budget elsewhere on this agenda.

### 9.2 Resources and Risk

Where risks are known they are listed in **Annex A**.

Capital implications are fully considered throughout the report. Revenue implications may arise from capital schemes in respect of:

- a. Borrowing to fund capital expenditure (principal and interest);
- b. Running costs associated with capital schemes, and;
- c. Efficiency savings (e.g. reduced maintenance costs).

These are built into the Council's debt financing and other revenue budgets as appropriate through the Medium Term Planning process.

Y	Capital	Y	Revenue	N	Accommodation
N	IT	Y	Medium Term Plan	Y	Asset Management

### 9.3 Carbon and Energy Management

All capital schemes consider Carbon and energy Management implications at the capital appraisal stage before they are added to the capital programme. There are no further implications as a result of this report.

### 9.4 Legal

Legal implications may arise in relation to specific capital schemes or revenue projects. In particular a capital scheme or revenue project may be needed to meet a specific legal requirement. These implications are addressed in the individual project appraisals. There are no significant legal implications arising as a result of this report.

### 9.5 Other implications

All implications are outlined within the report.

Y	Equalities/Diversity	Y	Sustainability	N	Human Rights
N	E-Government	N	Stakeholders	N	Crime and Disorder
N	Carbon and Energy Management				

Background Papers: 2012/13 Revenue Budget and Capital Programme as approved by Council in February 2012