

Report to Cabinet
17 October 2012
Report of Chief finance officer
Subject Revenue Budget Monitoring 2012/13 – Period 5

Item

15

Purpose

To update Cabinet on the financial position as at 31 August 2012 and the forecast outturn for the year 2012/13, in summary that:

- The General Fund forecast is for an underspend for the year of £0.576m
- The Housing Revenue Account forecast is for an underspend for the year of £1.680m
- General Fund and Housing Revenue Account balances are expected to remain in excess of the respective Prudent Minimum Balances

Recommendation

To note the financial position as at 31 August 2012 and forecast outturn 2012-13.

Corporate and service priorities

The report helps to meet the corporate priority value for money services and the service plan priority to provide accurate, relevant and timely financial information.

Financial implications

The financial implications of this report are set out in the text.

Ward/s: All wards

Cabinet member: Councillor Waters – Deputy leader and resources

Contact officers

Caroline Ryba, Chief Finance Officer
Mark Smith, Finance Control Manager

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Background documents

Budget Reports (Council 21 February 2012)
Budget Monitoring Reports (internal)

Report

1. Council approved budgets for the 2012/13 financial year on 21 February 2012.
2. The attached appendices show the year-to-date and forecast outturn positions for the General Fund and the Housing Revenue Account:
 - Appendix 1 shows the General Fund by Corporate Leadership Team responsibilities, and by Subjective Group
 - Appendix 2 shows the Housing Revenue Account in (near) statutory format, and by Subjective Group
 - Appendix 3 shows budget and expenditure for the year to date in graphical format.

General Fund

3. The budgets reported include the resources financing the council's net budget requirement, so that the net budget totals zero:

<i>Service</i>	<i>Approved Budget £000s</i>
Net Budget Requirement	20,745
Pooled Non-Domestic Rates	(11,245)
Revenue Support Grant	(218)
Council Tax precept	(9,282)
Total General Fund budget	0

4. The General Fund shows a forecast outturn of an underspend of £0.576m.
5. The forecast underspend is made up of a range of service budget savings, largely on staffing and supplies & services, and including both shortfalls and over-achievement of income budgets. These will continue to be monitored during the course of the year, which will in turn improve the accuracy of forecasting the relevant outturns. Significant forecast variances are detailed below.

<i>Item</i>	<i>Forecast Variance £000s</i>	<i>Commentary</i>
Financial Arrangements	(467)	Additional investment income from high level of cash balances
Development Management	281	Including forecast income shortfall £205k offset by Contingency provision
Receipts (other)	801	Reduced income levels mainly relating to Highways Agreement and Private

<i>Item</i>	<i>Forecast Variance £000s</i>	<i>Commentary</i>
		Sector Leasing offset by reduced expenditure
Supplies & Services	(861)	Reduced expenditure including that relating to Highways Agreement and Private Sector Leasing offset by reduced income expected.
Employees	(456)	Savings largely from vacant posts across the organisation and lower redundancy costs than were budgeted

6. The underspend to date reported of £1.079m is largely due to the timing of loan charge costs offset by low expenditure to date on supplies & services. These are under review but are not expected to have significant impact on the net forecasts.

Housing Revenue Account

7. The budgets reported include the contribution of the net surplus/deficit to reserves, so that the net budget totals zero:

<i>Service</i>	<i>Approved Budget £000s</i>
Gross HRA Expenditure	65,580
Gross HRA Income	(66,538)
Contribution to HRA Balance	958
Total net HRA budget	0

8. The Housing Revenue Account shows a forecast outturn of an underspend of £1.680m.
9. The forecast underspend is made up of a range of service budget savings, largely on staffing and supplies & services, and including both shortfalls and over-achievement of income budgets. These will continue to be monitored during the course of the year, which will in turn improve the accuracy of forecasting the relevant outturns. Significant forecast variances are detailed below.

<i>Service</i>	<i>Forecast Variance £000s</i>	<i>Commentary</i>
Repairs & Maintenance	(178)	Includes exterior painting underspend

<i>Service</i>	<i>Forecast Variance £000s</i>	<i>Commentary</i>
		of £357k and, responsive overspend of £272k
Rent, Rates & Other Costs	224	Anglian Water costs in excess of budget (recovered in service charges)
Head of Housing	(289)	HRA Contingency and Training forecast underspends
Housing Property Management	734	Pension contribution costs £957k offset by forecast consultant savings £190k
Sheltered Housing	(255)	Fuel & utility forecast savings
Dwelling Rents	(790)	Extra income forecast from lower void rate & new lets at formula rent
Service Charges – Tenants	(261)	Recovery of Anglian Water charges in excess of budget

10. The underspend to date reported of £4.581m is largely due to the Repairs & Maintenance budget, where the payment profile is affected by provisions brought forward for bills relating to the last financial year, and by unavoidable delays in allocating bills received to appropriate capital and revenue codes.

Risks

11. The budgets approved by Council were drawn up in the light of the reduced resources announced by the coalition government. There are risks to the current and medium term financial position from:
- Reductions in government grant – the localisation of Business Rates and of Council Tax Benefits will increase the risks to the council's financial position arising from economic conditions and policy decisions.
 - Changes in policy – if further “empowerment” of local authorities is not matched by devolved resources
 - Delivery of savings – the budget incorporates both savings measures already in place, and those planned for implementation during the year. If these savings are not achievable in full, overspends will result. With appropriate approvals these may be mitigated through provision made in the corporate contingency, up to the level of that contingency
 - Identification of further savings – work is continuing on developing proposals for additional savings to bridge the medium-term budget gap. If these proposals fall short, or are not implemented fully and in a timely manner, further budget shortfalls will result.
12. Forecast outturns, are estimates based on management assessments, formulae, and extrapolation. They may not adequately take account of variables such as:

- Bad Debts – budget reports show gross debt, i.e., invoices raised. While allowance has been made in the budget for non-collections, the current economic climate may have an adverse influence on our ability to collect money owed. This may be reflected in higher Provisions For Bad Debt.
- Seasonal Factors – if adverse weather conditions or a worsening economic climate depress levels of trade and leisure activities in the city, there may be a negative impact on parking and other income.
- Housing Repairs & Improvements – the rate of spend on Void properties, though closely managed, is heavily influenced by void turnaround, since transfers can create a chain of voids involving significant repair costs.

Financial Planning

13. Overall levels of overspend and underspend will have an ongoing impact on the budget for following years and the size and urgency of savings requirements
14. Net overspends and underspends will be consolidated into the General Fund and Housing Revenue Account balances carried forward to 2013/14.
15. These are reflected in periodic updates to the Medium Term Financial Strategy and Housing Revenue Account Business Plan.

Impact on Balances

16. The prudent minimum level of General Fund reserves has been assessed as £5.517m. The budgeted outturn, updated to reflect the provisional 2011/12 outturn, is as follows:

<i>Item</i>	<i>£000s</i>
Budgeted balance at 1 April 2012	(3,909)
Impact of provisional 2011/12 outturn	(3,471)
= Estimated balance at 1 April 2012	(7,380)
Budgeted use of balances 2012/13	300
Provisional outturn 2012/13	(576)
= Forecast balance at 31 March 2013	(7,656)

17. The prudent minimum level of HRA reserves has been assessed as £2.927m. The budgeted outturn, updated to reflect the provisional 2011/12 outturn, is as follows:

<i>Item</i>	<i>£000s</i>
Budgeted balance at 1 April 2012	(14,581)
Impact of provisional 2011/12 outturn	(1,889)

= Estimated balance at 1 April 2012	(16,470)
Budgeted contribution to balances 2012/13	(958)
Provisional outturn 2012/13	(1,680)
= Forecast balance at 31 March 2013	(19,108)

18. Balances are therefore expected to continue to exceed the prudent minima.

Integrated impact assessment



NORWICH
City Council

Report author to complete

Committee:	Cabinet
Committee date:	17 October 2012
Head of service:	Chief Finance Officer
Report subject:	Revenue Budget Monitoring 2012/13
Date assessed:	28 September 2012
Description:	This is the integrated impact assessment for the Revenue Budget Monitoring 2012/13 report to cabinet

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The report shows that the council monitors its budgets, considers risks to achieving its budget objectives, reviews its balances position, and is therefore able to maintain its financial standing
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The report demonstrates that the council is aware of and monitors risks to the achievement of its financial strategy.

Recommendations from impact assessment
Positive
None
Negative
None
Neutral
None
Issues
The council should continue to monitor its budget performance in the context of the financial risk environment within which it operates.

GENERAL FUND SERVICE SUMMARY

<i>Approved Budget</i>	<i>Current Budget</i>		<i>Budget To Date</i>	<i>Actual To Date</i>	<i>Variance To Date</i>	<i>Forecast Outturn</i>	<i>Forecast Variance</i>
		Business Relationship Management					
0	107,038	Business Relationship Management	181,547	187,530	5,983	96,526	(10,512)
(19,440,102)	(18,314,983)	Finance	(14,521,849)	(15,169,830)	(647,981)	(18,713,961)	(398,978)
103	(1,806,904)	Procurement & Service Improvement	1,397,475	635,990	(761,485)	(1,966,679)	(159,775)
(19,439,999)	(20,014,849)	Total Business Relationship	(12,942,827)	(14,346,310)	(1,403,483)	(20,584,114)	(569,265)
		Chief Executive					
(486,495)	786,946	Chief Executive	(800,409)	(673,963)	126,446	766,386	(20,560)
754	754	Law & Governance	201,620	124,610	(77,010)	(47,568)	(48,322)
(485,741)	787,700	Total Chief Executive	(598,789)	(549,353)	49,436	718,819	(68,881)
		Customers, Comms & Culture					
2,605,935	2,605,935	Communications & Culture	992,634	1,167,767	175,133	2,589,534	(16,401)
(164,079)	(549,360)	Customer Contact	921,218	966,493	45,275	(650,203)	(100,843)
2,441,856	2,056,575	Total Customers, Comms & Culture	1,913,852	2,134,260	220,408	1,939,331	(117,244)
		Operations					
748,174	308,647	City Development	(1,413,983)	(1,815,387)	(401,404)	282,650	(25,997)
9,381,074	9,378,461	Citywide Services	3,034,395	2,892,262	(142,133)	9,670,724	292,263
10	10	Deputy Chief Executive	57,670	53,689	(3,981)	(9,530)	(9,540)
2,681,479	2,681,479	Neighbourhood Housing	461,030	450,464	(10,566)	2,634,778	(46,701)
2,431,779	2,434,392	Neighbourhood Services	760,805	577,251	(183,554)	2,303,943	(130,449)
1,519,178	1,519,178	Planning	281,812	307,908	26,096	1,782,150	262,972
266,695	266,695	Property Services	568,840	767,127	198,287	327,141	60,446
17,028,389	16,588,862	Total Operations	3,750,569	3,233,313	(517,256)	16,991,856	402,994
		Strategy, People & Democracy					
338,434	338,434	Democratic Services	408,315	345,506	(62,809)	322,541	(15,893)
30	2,732	Human Resources	2,013,028	1,790,645	(222,383)	(150,025)	(152,757)
(84)	(84)	Learning & Development	110,040	69,912	(40,128)	16,974	17,058
117,115	240,630	Strategy & Programme Management	173,426	1,071,612	898,186	168,468	(72,162)
455,495	581,712	Total Strategy, People & Democracy	2,704,809	3,277,675	572,866	357,958	(223,754)
0	0	Total General Fund	(5,172,386)	(6,250,414)	(1,078,028)	(576,151)	(576,151)

GENERAL FUND SUBJECTIVE SUMMARY

<i>Approved Budget</i>	<i>Current Budget</i>		<i>Budget To Date</i>	<i>Actual To Date</i>	<i>Variance To Date</i>	<i>Forecast Outturn</i>	<i>Forecast Variance</i>
20,015,830	17,097,966	Employees	8,262,770	8,155,754	(107,016)	16,641,500	(456,466)
7,567,299	7,936,265	Premises	3,806,059	4,556,503	750,444	7,879,896	(56,369)
301,681	280,755	Transport	115,116	48,622	(66,494)	166,723	(114,032)
19,186,146	14,689,250	Supplies & Services	5,891,199	4,630,031	(1,261,168)	13,827,765	(861,485)
563,603	7,124,938	Third Party Payments	2,711,576	1,674,790	(1,036,786)	6,828,664	(296,274)
67,218,863	67,218,863	Transfer Payments	16,448,045	19,995,279	3,547,234	67,204,842	(14,021)
3,695,466	4,784,197	Capital Financing	5,421,453	2,545,334	(2,876,119)	4,920,650	136,453
67,084	0	Savings Proposals	0	0	0	0	0
(21,515,795)	(21,699,733)	Receipts	(8,961,747)	(8,784,533)	177,214	(20,617,072)	1,082,661
(92,379,992)	(92,669,318)	Government Grants	(38,710,012)	(39,573,070)	(863,058)	(92,753,821)	(84,503)
1,505,332	1,505,332	Centrally Managed	627,260	339,746	(287,514)	1,505,297	(35)
21,604,340	21,611,342	Recharge Expenditure	1,078,815	811,571	(267,244)	21,271,423	(339,919)
(27,829,857)	(27,879,857)	Recharge Income	(1,862,920)	(650,442)	1,212,478	(27,452,019)	427,838
0	0	Total General Fund	(5,172,386)	(6,250,414)	(1,078,028)	(576,151)	(576,151)

Budget Monitoring Report

Year: 2012/13

Period: 05 (Aug)

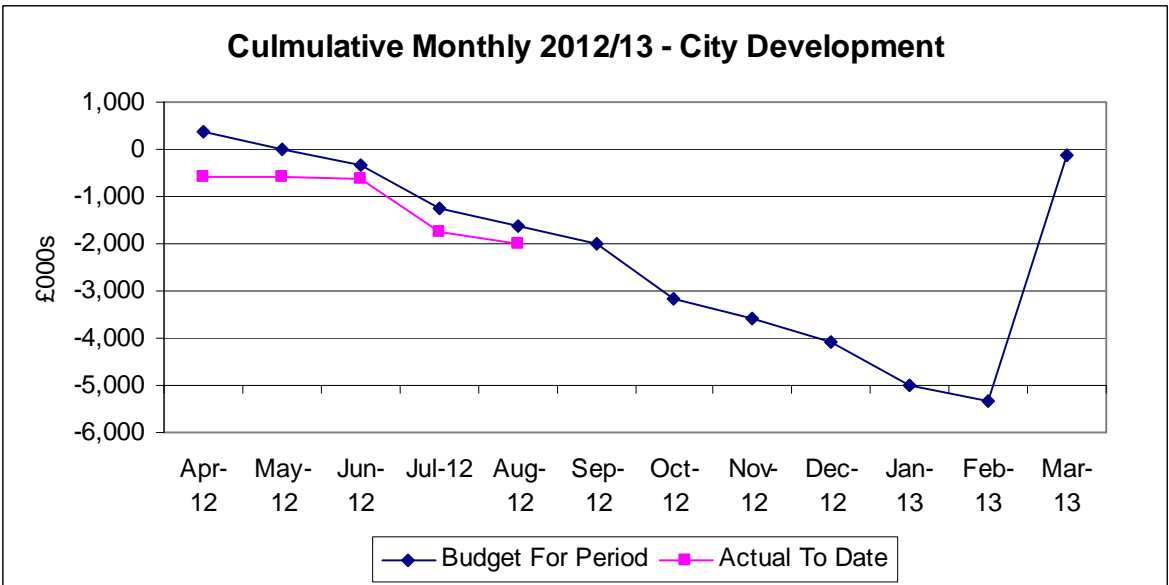
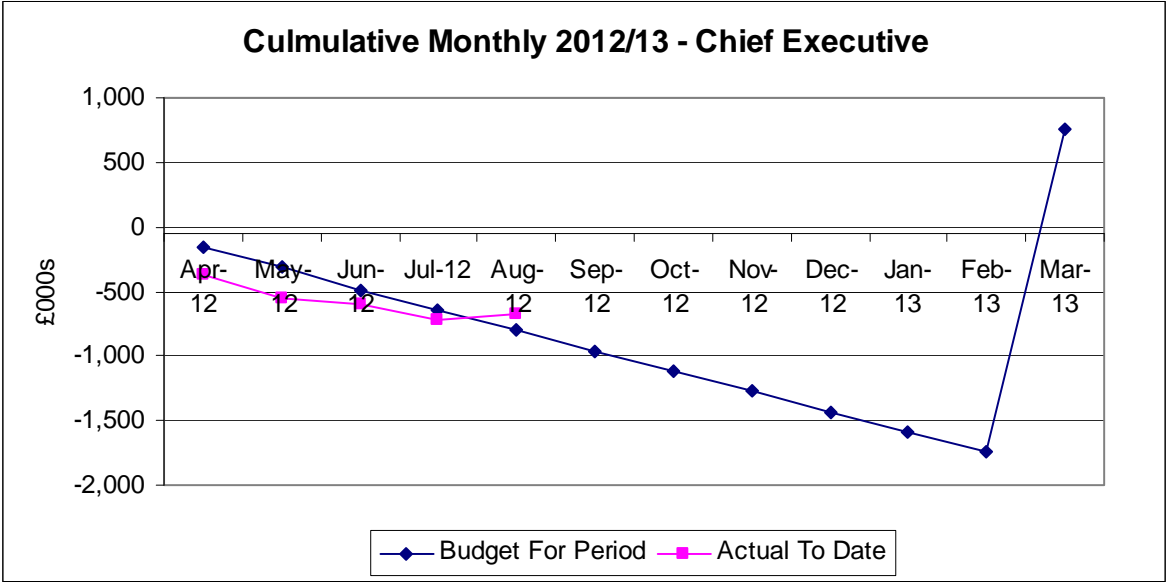
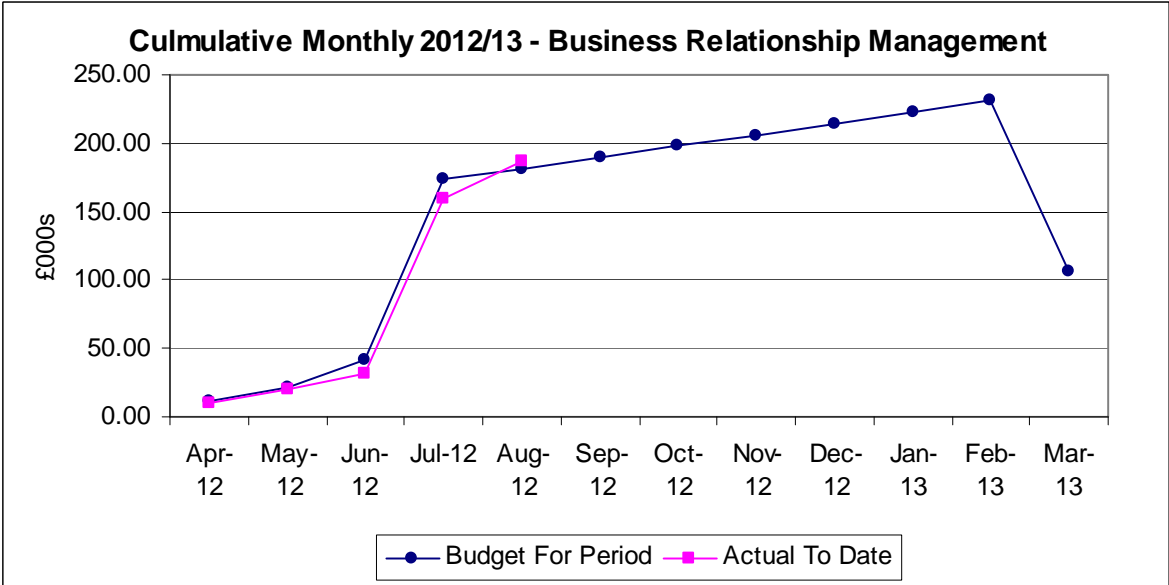
HOUSING REVENUE ACCOUNT STATUTORY SUMMARY

<i>Approved Budget</i>	<i>Current Budget</i>		<i>Budget To Date</i>	<i>Actual To Date</i>	<i>Variance To Date</i>	<i>Forecast Outturn</i>	<i>Forecast Variance</i>
15,560,639	15,560,639	Repairs & Maintenance	6,481,515	2,251,771	(4,229,744)	15,382,433	(178,206)
6,144,214	6,144,214	Rents, Rates, & Other Property Costs	5,914,670	6,057,462	142,792	6,368,218	224,004
10,753,613	10,772,143	General Management	2,993,919	3,232,627	238,708	10,738,871	(33,272)
5,696,238	5,696,238	Special Services	2,068,702	1,515,792	(552,910)	5,065,521	(630,717)
27,215,640	27,215,640	Depreciation & Impairment	0	0	0	27,215,640	0
215,000	215,000	Provision for Bad Debts	107,500	(13,861)	(121,361)	215,000	0
(55,298,270)	(55,298,270)	Dwelling Rents	(24,331,257)	(24,683,907)	(352,650)	(56,088,510)	(790,240)
(2,383,135)	(2,383,135)	Garage & Other Property Rents	(1,107,335)	(1,056,195)	51,140	(2,291,713)	91,422
20	20	Housing Subsidy	0	0	0	20	0
(9,785,488)	(9,785,488)	Service Charges - General	(4,281,784)	(4,003,788)	277,996	(10,043,929)	(258,441)
10	10	Miscellaneous Income	0	(19,852)	(19,852)	(45,173)	(45,183)
2,766,239	2,747,709	Adjustments & Financing Items	(15,507)	(30,704)	(15,197)	2,688,156	(59,553)
(734,720)	(734,720)	Amenities shared by whole community	0	0	0	(734,720)	0
(150,000)	(150,000)	Interest Received	0	0	0	(150,000)	0
0	0	Total Housing Revenue Account	(12,169,577)	(16,750,654)	(4,581,077)	(1,680,187)	(1,680,187)

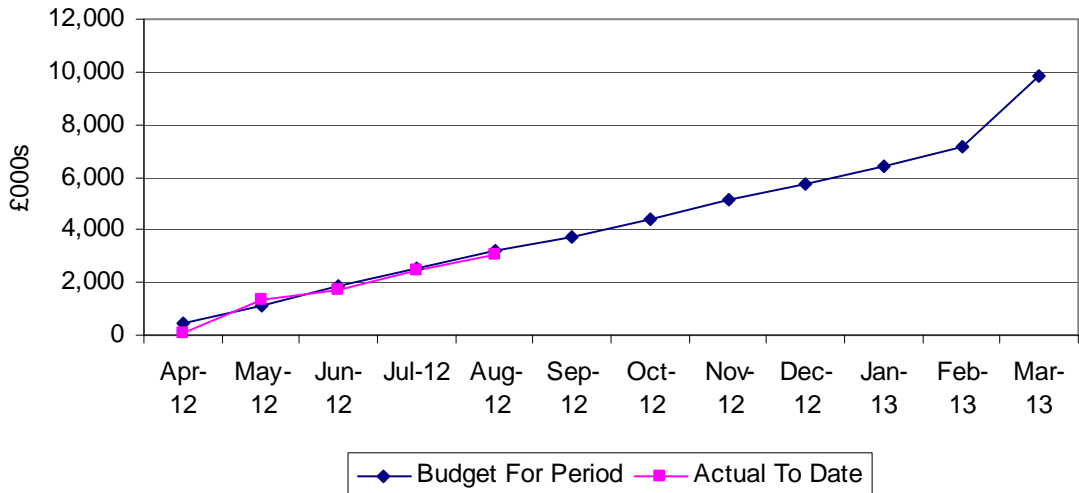
HOUSING REVENUE ACCOUNT SUBJECTIVE SUMMARY

<i>Approved Budget</i>	<i>Current Budget</i>		<i>Budget To Date</i>	<i>Actual To Date</i>	<i>Variance To Date</i>	<i>Forecast Outturn</i>	<i>Forecast Variance</i>
7,546,466	7,475,980	Employees	2,951,480	3,842,192	890,712	8,201,789	725,809
24,436,463	24,436,463	Premises	13,510,033	9,266,727	(4,243,306)	23,356,175	(1,080,288)
169,460	168,782	Transport	70,373	8,213	(62,160)	35,741	(133,041)
3,894,458	3,888,056	Supplies & Services	1,012,564	331,048	(681,516)	2,995,843	(892,213)
259,000	355,096	Third Party Payments	48,069	22,195	(25,874)	344,505	(10,591)
4,768,776	4,768,776	Recharge Expenditure	535,440	0	(535,440)	4,687,236	(81,540)
28,686,629	28,686,629	Capital Financing	0	0	0	28,686,629	0
(68,726,073)	(68,744,603)	Receipts	(30,177,311)	(30,124,964)	52,347	(69,020,072)	(275,469)
(239,476)	(239,476)	Government Grants	(99,780)	(96,066)	3,714	(221,398)	18,078
(2,122,703)	(2,122,703)	Recharge Income	(20,445)	0	20,445	(2,073,635)	49,068
1,327,000	1,327,000	Rev Contribs to Capital	0	0	0	1,327,000	0
0	0	Total Housing Revenue Account	(12,169,577)	(16,750,654)	(4,581,077)	(1,680,187)	(1,680,187)

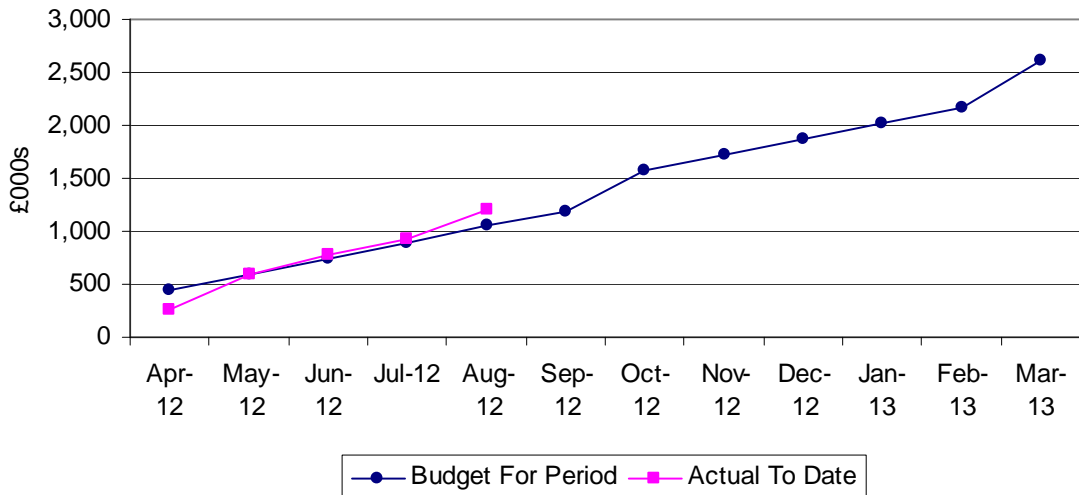
Budget & Expenditure – Monthly by Service Graphs



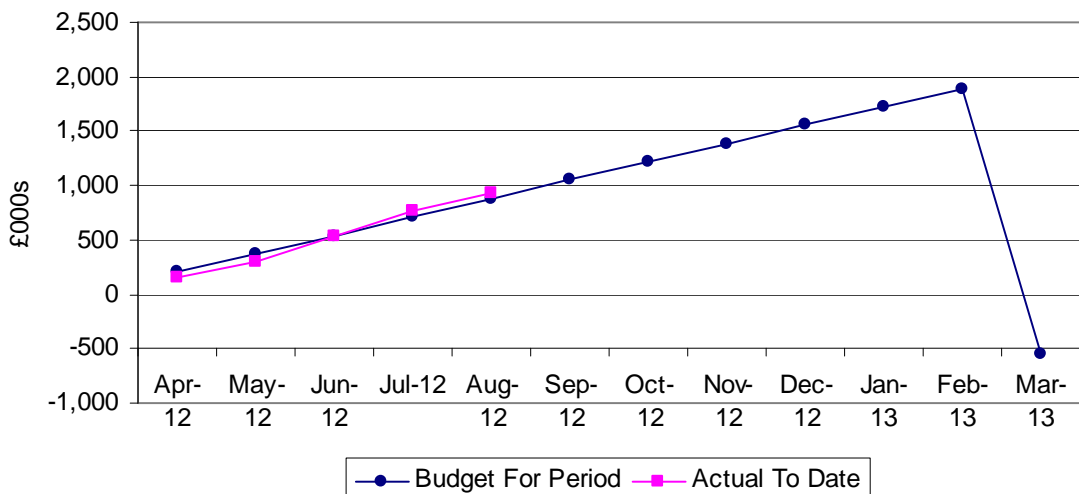
Culmulative Monthly 2012/13 - Citywide Services



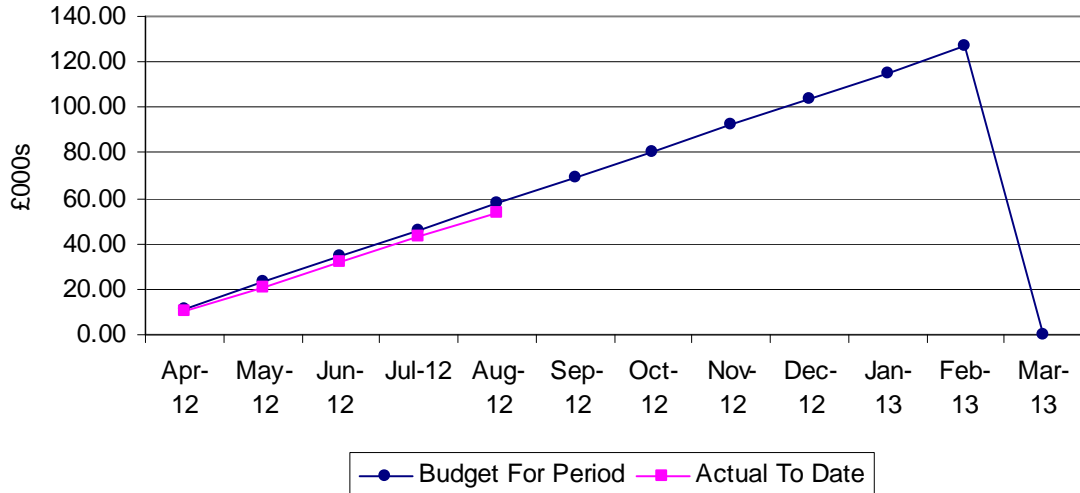
Culmulative Monthly 2012/13 - Communications & Culture



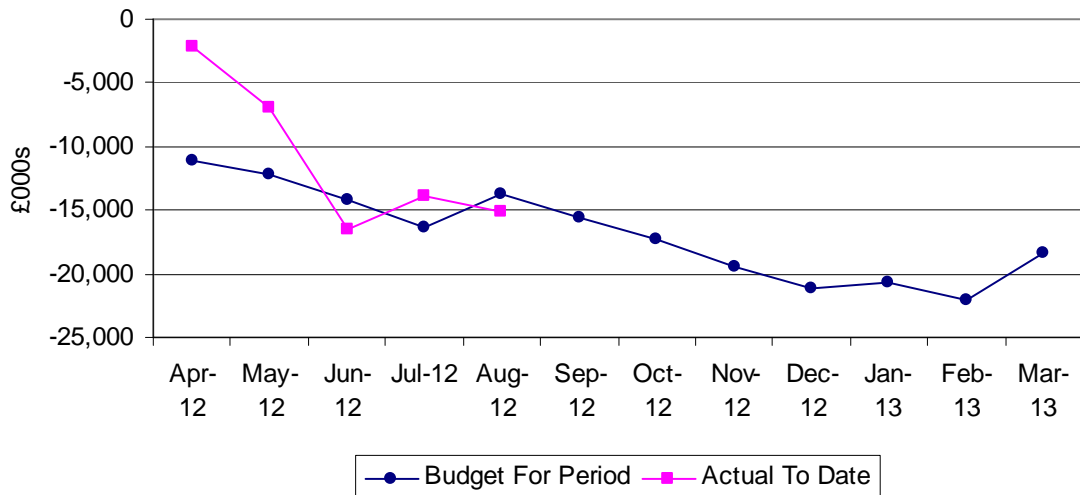
Culmulative Monthly 2012/13 - Customer Contact



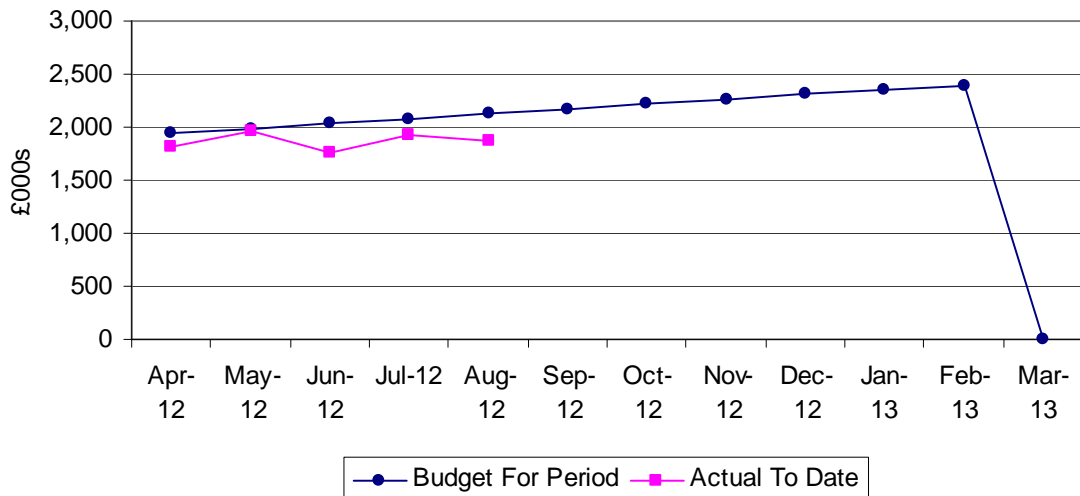
Culmulative Monthly 2012/13 - Deputy Chief Executive



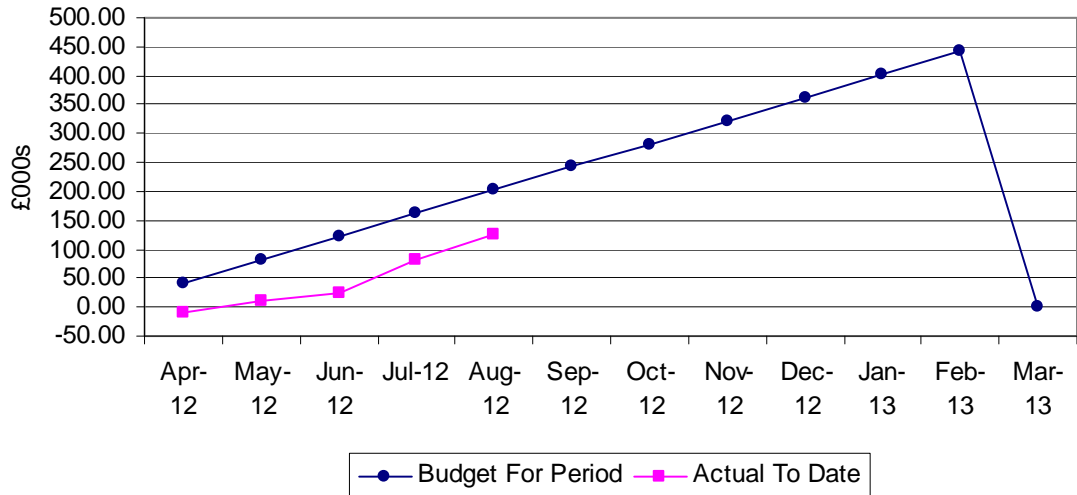
Culmulative Monthly 2012/13 - Finance



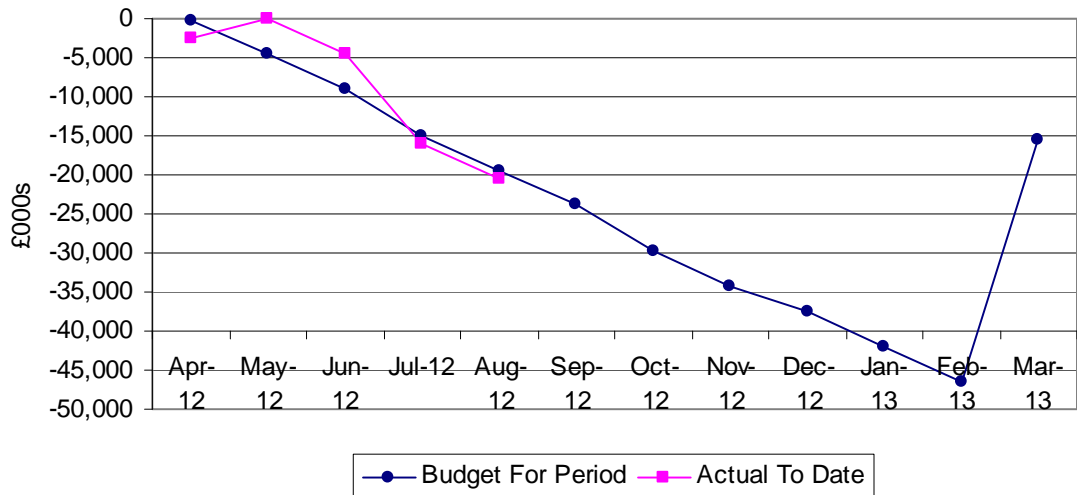
Culmulative Monthly 2012/13 - HR & Learning



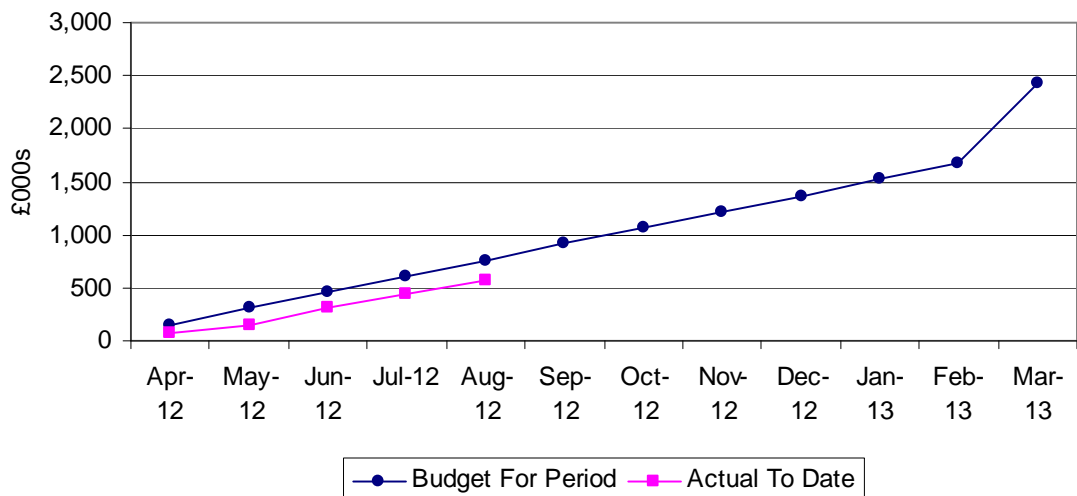
Culmulative Monthly 2012/13 - Legal Services



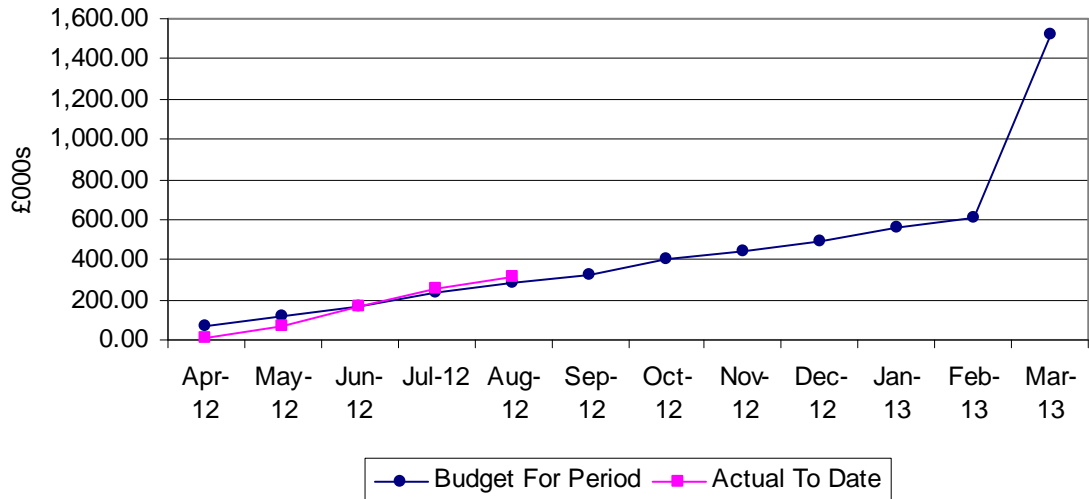
Culmulative Monthly 2012/13 - Neighbourhood Housing



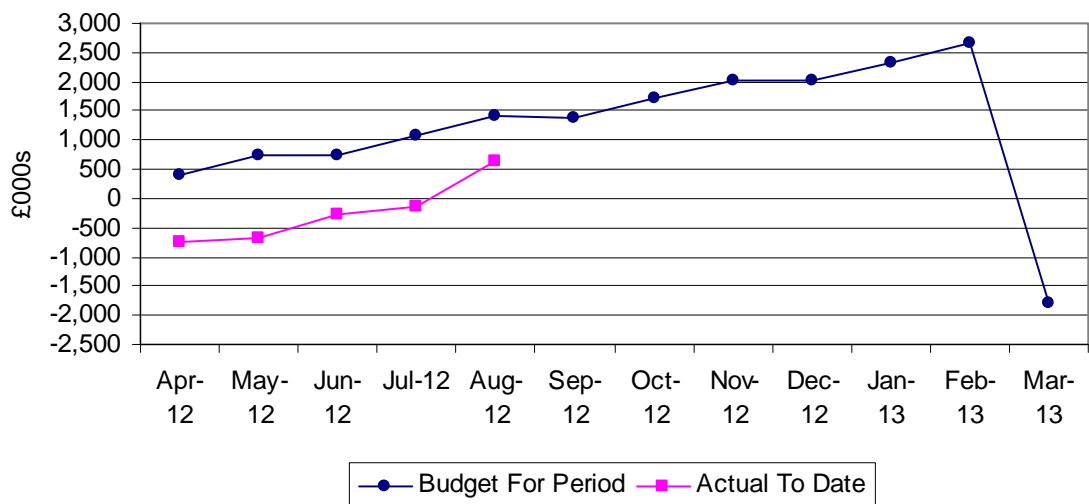
Culmulative Monthly 2012/13 - Neighbourhood Services



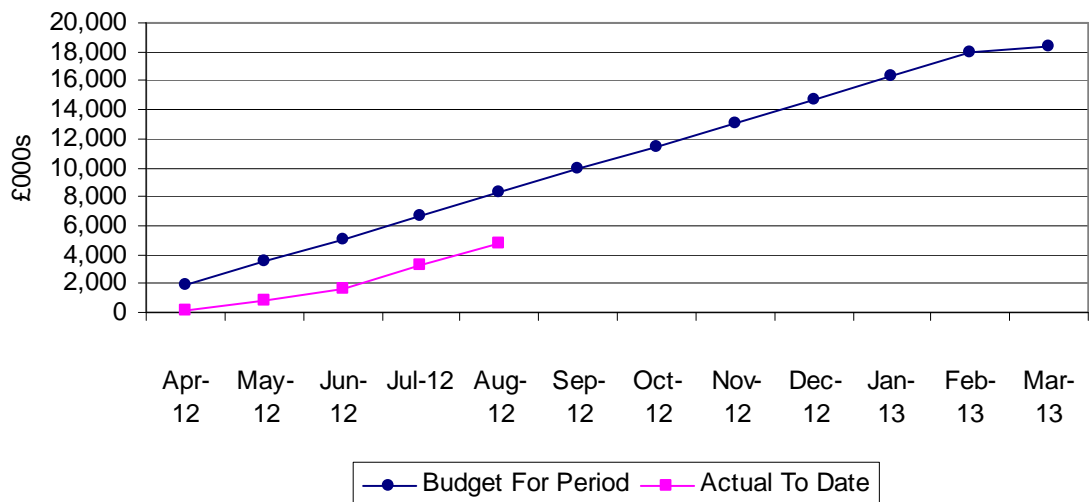
Culmulative Monthly 2012/13 - Planning



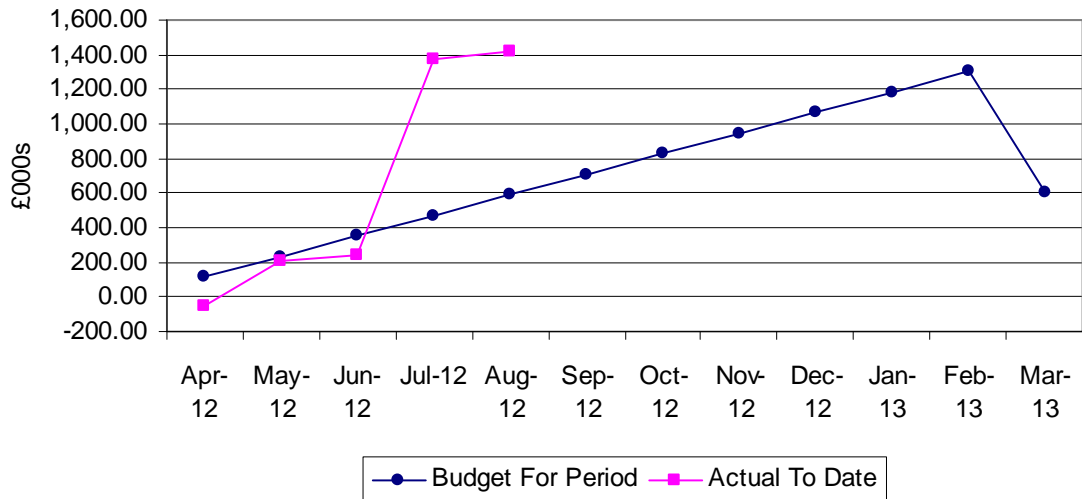
Culmulative Monthly 2012/13 - Procurement & Systems



Culmulative Monthly 2012/13 - Property Services



Culmulative Monthly 2012/13 - Strategy, People & Democracy



Culmulative Monthly 2012/13 Norwich City Council (Revenue)

