

Report for Information

Report to Cabinet 9 November 2011

Report of Head of Finance

Subject Revenue Budget Monitoring 2011/12

7

Purpose

To inform Cabinet of the financial position on the revenue account for the period 1 April 2011 to 31 August 2011.

Recommendations

To note the financial position on the revenue account for the period 1 April 2011 to 31 August 2011.

Financial Consequences

The financial consequences are set out in the body of the report and the annexes.

Risk Assessment

Financial risks are set out in paragraphs 14 and 15.

Strategic Priority and Outcome/Service Priorities

The report helps to meet the strategic priority “Aiming for excellence – ensuring the Council is efficient in its use of resources, is effective in delivering its plans, is a good employer and communicates effectively with its customers, staff and partners”.

Cabinet Member:

Councillor Waters - Resources, performance and shared services

Ward: All

Contact Officers

Barry Marshall, Head of Finance

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Mark Smith, Finance Control Manager

01603 212561

Background Documents

Working papers held in the Finance department

Overall revenue budget monitoring position

1. Council approved budgets for the 2011/12 financial year on 22 February 2011.
2. The attached appendices show the year-to-date positions for the General Fund and the Housing Revenue Account:
 - Appendix 1 shows the General Fund by Directorate and Service, and by Subjective Group
 - Appendix 2 shows the Housing Revenue Account in (near) statutory format, and by Subjective Group
 - Appendix 3 shows in graphical format the budget and expenditure to date for each service (including both General Fund and Housing Revenue Account).

General Fund

3. To improve the clarity of the General Fund budget presentation, the current budget has been restated to include budgets for the resources financing the net budget requirement, so that the net budget totals zero:

<i>Service</i>	<i>Approved Budget £000s</i>	<i>Restated Budget £000s</i>
Net Budget Requirement	21,570	21,570
Pooled Non-Domestic Rates		-9,360
Revenue Support Grant		-2,893
Council Tax precept		- 9,208
Collection Fund surplus		-109
Total General Fund budget	21,570	0

4. The ongoing review of corporate support service recharges has resulted in an interim imbalance of + £317k being shown; this imbalance will be resolved for the next reporting cycle.
5. The General Fund reports show a forecast underspend of **£0.680m**.
6. Significant contributory factors include:

<i>Service</i>	<i>Forecast Variance £000s</i>	<i>Comment</i>
Chief Executive's departments	-230	Various operational over/underspends
Customer Contact	-165	Salaries savings
Personnel	238	Increase in Airport Pension costs
Other Corporate Resources	-483	Various operational over/underspends

<i>Service</i>	<i>Forecast Variance £000s</i>	<i>Comment</i>
Regeneration & Development	-75	Various operational over/underspends
Savings requirements	899	In-Year savings still to be identified
Subtotal operational budgets	2	
Corporate Finance	-682	New Homes Bonus grant unbudgeted
Subtotal non-operational	-682	
TOTAL OVER/UNDERSPEND	-680	

7. The above presentation shows that only a small part of the overall underspend relates to services' operational budgets; the larger portion is due to the receipt of the New Homes Bonus which has not been built into the budget since it had not been confirmed at the time of budget-setting.
8. Actual income and expenditure for the year to date is behind schedule owing to early receipt of government grant, the ongoing impact of year-end accruals, and delays in paying and allocating contractor expenditure.

Housing Revenue Account

9. To improve the clarity of the Housing Revenue Account budget presentation, the budget has been restated to include the contribution of the budgeted surplus to the HRA Balance, so that the net budget totals zero:

<i>Service</i>	<i>Approved Budget £000s</i>	<i>Restated Budget £000s</i>
Gross HRA Budgets	-1,091	-1,091
Contribution to HRA Balance		1,091
Total net HRA budget	-1,091	0

10. The ongoing review of corporate support service recharges has resulted in an interim imbalance of -£317k being shown; this imbalance will be resolved for the next reporting cycle.
11. The Housing Revenue Account reports show a forecast underspend of **£2.075m**.
12. Significant contributory factors include:

<i>Service</i>	<i>Forecast Variance £000s</i>	<i>Comment</i>
Repairs & maintenance	-141	Net underspend due to increase gas servicing costs offset by reduced management recharge and projected garage repairs underspend.
Rent, rates & property costs	-432	Including £356k Anglian Water costs savings
General management	-611	Salaries & contingency underspends and freeze on office accommodation costs
Special services	-1,335	Includes £832k utility & contract cost savings, £360k Sheltered Housing savings, £200k NCAS maintenance savings.
Rent, income, service charges	-28	Subject to value of leaseholder charges to be billed. Includes £116k reduced water charges.
Negative Subsidy & Financing	472	Includes adjustment re previous year
TOTAL OVER/UNDERSPEND	-2,075	

13. Actual income and expenditure for the year to date is behind schedule owing to early receipt of government grant, the ongoing impact of year-end accruals, and delays in paying and allocating contractor expenditure.

Risks

14. The budgets approved by Council on 22 February 2011 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 budget includes use of a Transitional Grant, and Local Services Support Grant which will disappear or reduce in the future.
- 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. These will be mitigated through provision made in the corporate 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.

15. The forecast outturns are estimates based on management assessments, formulae, and extrapolation. They may not adequately take account of variables such as:

- Contractor-related issues – amounts due to and from the council in respect of the administration of the former housing repairs contractor have still to be finalised.
- 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.
- Changes in Accounting Standards – the movement to International Financial Reporting Standards impacts on income & expenditure, since expenditure that has previously been funded from Capital is now deemed de minimis and must be funded from Revenue.
- 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

16. Overall levels of underspend will have an ongoing impact on the budget for following years and the size and urgency of savings requirements.

17. Net overspends and underspends will be consolidated into the General Fund and Housing Revenue Account balances carried forward to 2012/13.

Impact on Balances

18. The prudent minimum level of General Fund reserves has been assessed as £3.002m. The forecast position, updated to reflect the unaudited 2010/11 outturn, is as follows:

Budgeted balance at 1 April 2011	(4,200)
Impact of unaudited 2010/11 outturn	(585)
= Unaudited balance at 1 April 2011	(4,785)
Budgeted use of balances 2011/12	1,014
Budgeted contribution to balances 2011/12	0
Forecast Over/(Under)spend 2011/12	(680)
= Forecast balance at 31 March 2012	(4,451)

19. The prudent minimum level of HRA reserves has been assessed as £2.602m. The forecast position, updated to reflect the audited 2010/11 outturn, is as follows:

Budgeted balance at 1 April 2011	(9,990)
Impact of unaudited 2010/11 outturn	(3,571)
= Unaudited balance at 1 April 2011	(13,561)
Budgeted use of balances 2011/12	0
Budgeted contribution to balances 2011/12	(1,091)
Forecast Over/(Under)spend 2011/12	(2,075)
= Forecast balance at 31 March 2012	(16,727)

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>
Chief Executive							
48,542	0	Chief Executive	99,965	91,671	(8,294)	(12,848)	(12,848)
2,834,156	2,787,196	Communications & Culture	1,034,158	1,033,455	(703)	2,638,199	(148,997)
175,153	166,903	Strategy & Programme Management	173,955	60,217	(113,738)	98,605	(68,298)
3,057,851	2,954,099	Total Chief Executive	1,308,078	1,185,343	(122,735)	2,723,956	(230,143)
Corporate Resources							
44,376	0	Corporate Resources	54,385	49,691	(4,694)	(3,667)	(3,667)
746,219	(153,080)	Customer Contact	1,238,955	1,035,008	(203,947)	(416,913)	(263,833)
(19,847,916)	(19,832,444)	Finance	(18,586,182)	(22,863,676)	(4,277,494)	(19,780,173)	52,271
(529,328)	2,882	HR & Learning	1,064,685	2,353,953	1,289,268	67,866	64,984
(33,873)	40	Legal & Democratic Services	237,805	78,250	(159,555)	(39,463)	(39,503)
(46,639)	259,892	Procurement & Service Improvement	3,215,705	2,507,559	(708,146)	75,368	(184,524)
(19,667,161)	(19,722,710)	Total Corporate Resources	(12,774,647)	(16,839,215)	(4,064,568)	(20,096,983)	(374,273)
Regeneration & Development							
191,264	(7,749)	City Development	(1,774,520)	(2,969,233)	(1,194,713)	395,176	402,925
9,611,840	9,697,116	Citywide Services	3,038,650	2,695,286	(343,364)	9,497,519	(199,597)
28,344	0	Director of Regeneration & Development	58,165	51,480	(6,685)	(8,341)	(8,341)
2,419,763	2,974,523	Neighbourhood Housing	502,065	484,022	(18,043)	2,672,952	(301,571)
2,437,831	2,632,561	Neighbourhood Services	809,411	557,300	(252,111)	2,420,165	(212,396)
1,879,218	1,850,408	Planning	392,975	283,592	(109,383)	1,859,321	8,913
41,050	(55,029)	Property Services	956,530	571,519	(385,011)	179,592	234,621
16,609,310	17,091,830	Total Regeneration & Development	3,983,276	1,673,967	(2,309,309)	17,016,384	(75,446)
0	323,219	Total General Fund	(7,483,293)	(13,979,905)	(6,496,612)	(356,643)	(679,862)

GENERAL FUND SUBJECTIVE SUMMARY

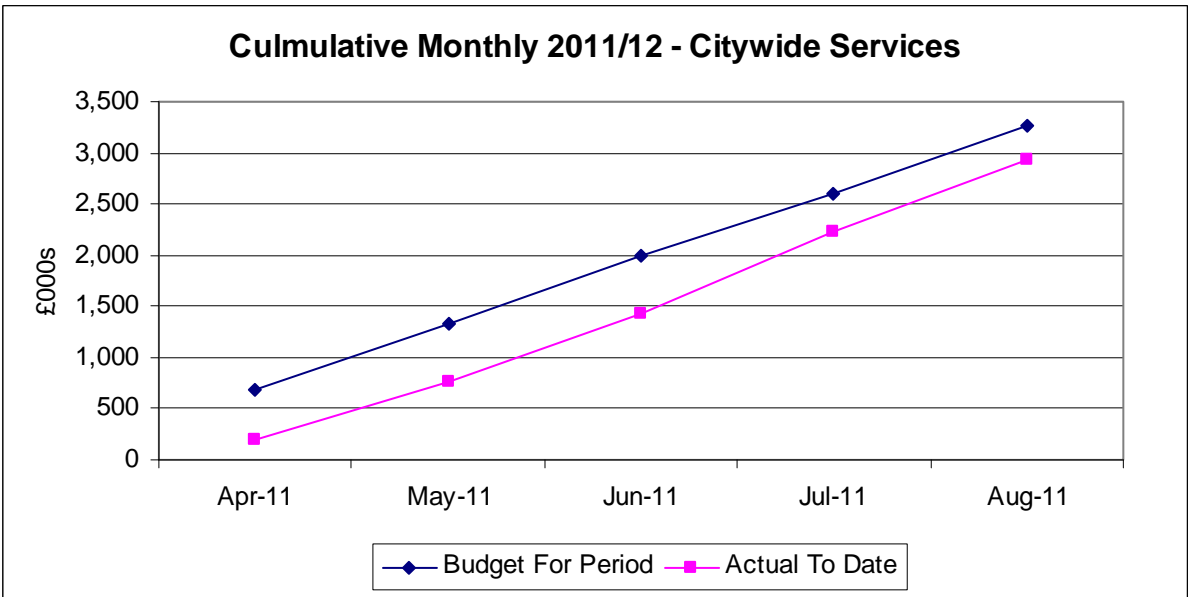
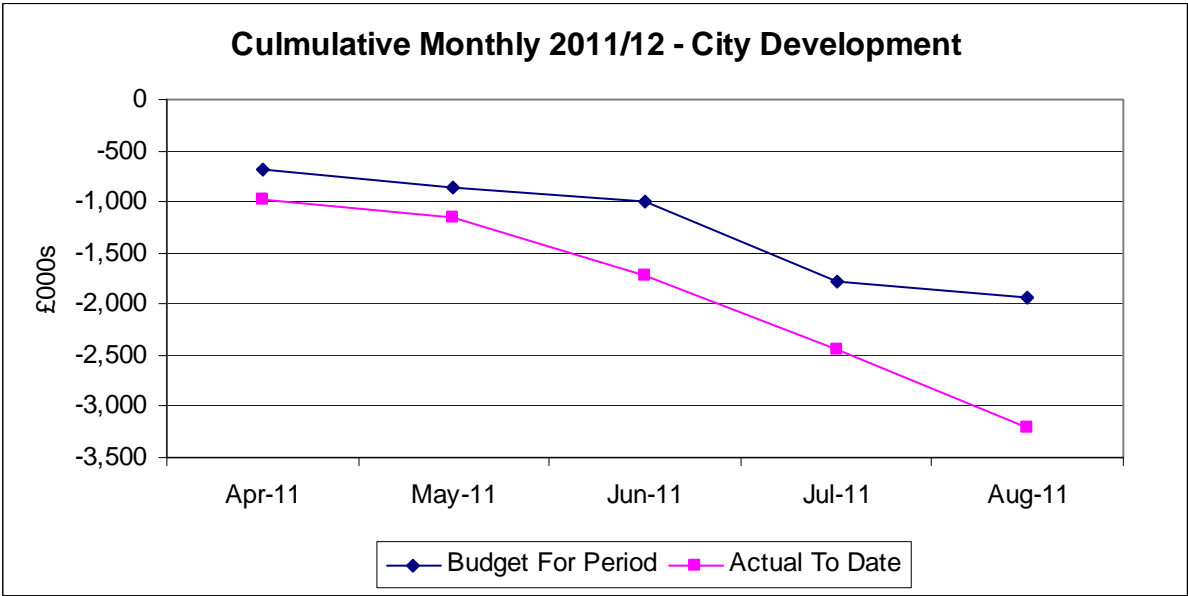
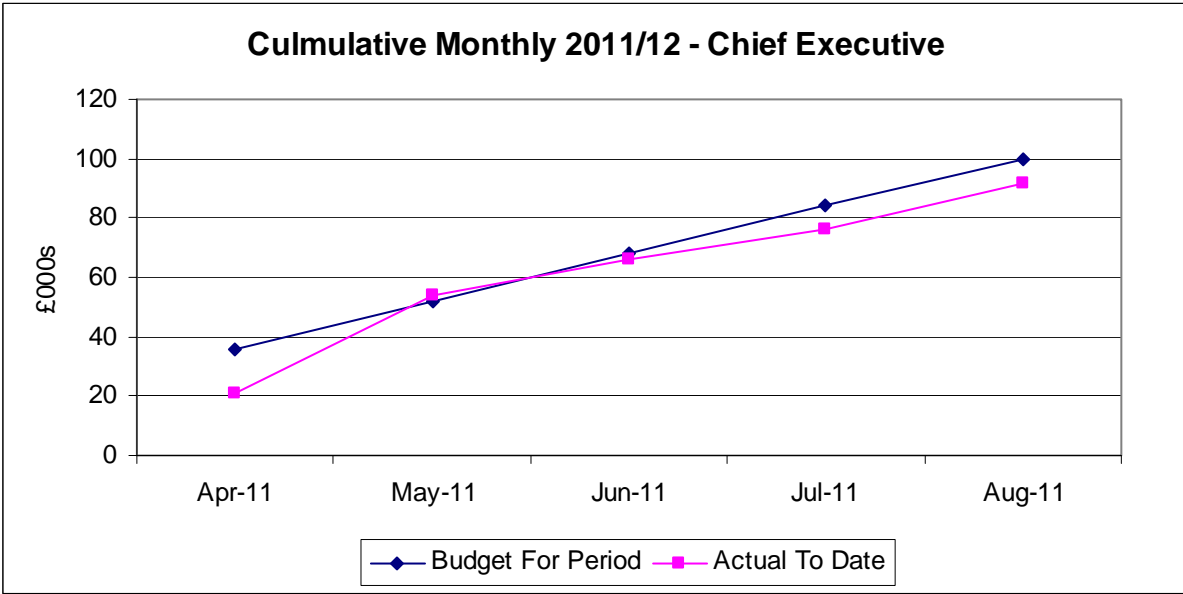
<i>Approved Budget</i>	<i>Current Budget</i>		<i>Budget To Date</i>	<i>Actual To Date</i>	<i>Variance To Date</i>	<i>Forecast Outturn</i>	<i>Forecast Variance</i>
20,471,403	20,586,156	Employees	8,551,522	9,039,412	487,890	20,299,749	(286,407)
7,601,802	7,698,039	Premises	3,340,706	2,945,683	(395,023)	8,202,049	504,010
300,483	300,903	Transport	129,063	67,924	(61,139)	196,135	(104,768)
19,237,041	19,294,262	Supplies & Services	7,970,533	6,160,392	(1,810,141)	18,358,952	(935,310)
451,300	453,989	Third Party Payments	189,160	137,473	(51,687)	341,719	(112,270)
64,131,295	64,131,295	Transfer Payments	15,141,040	14,932,888	(208,152)	65,612,780	1,481,485
3,194,510	3,194,510	Capital Charges	2,738,649	2,587,445	(151,204)	2,889,784	(304,726)
(20,495,360)	(20,780,449)	Receipts	(8,797,894)	(7,944,701)	853,193	(19,953,124)	827,325
(90,061,370)	(90,187,230)	Government Grants	(37,718,017)	(42,102,477)	(4,384,460)	(92,642,117)	(2,454,887)
1,447,897	1,447,897	Centrally Managed	838,545	149,236	(689,309)	1,512,189	64,292
25,819,083	24,327,871	Recharge Expenditure	817,895	762,839	(55,056)	24,094,824	(233,047)
(32,098,084)	(30,144,024)	Recharge Income	(684,495)	(716,018)	(31,523)	(29,269,583)	874,441
0	323,219	Total General Fund	(7,483,293)	(13,979,905)	(6,496,612)	(356,643)	(679,862)

HOUSING REVENUE ACCOUNT STATUTORY SUMMARY

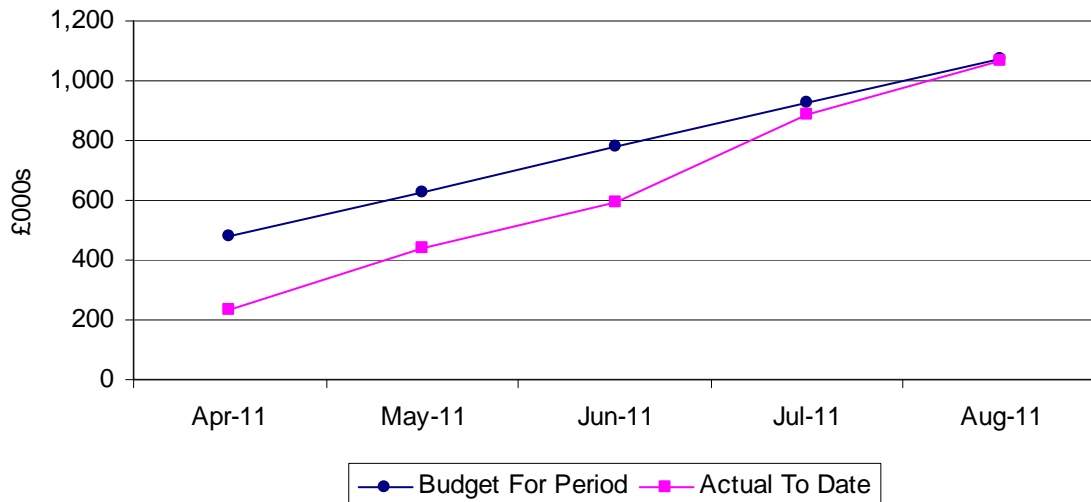
<i>Approved Budget</i>	<i>Current Budget</i>		<i>Budget To Date</i>	<i>Actual To Date</i>	<i>Variance To Date</i>	<i>Forecast Outturn</i>	<i>Forecast Variance</i>
13,321,921	13,328,561	Repairs & Maintenance	4,605,905	668,760	(3,937,145)	13,186,843	(141,718)
6,175,847	6,175,847	Rents, Rates, & Other Property Costs	6,037,340	5,633,663	(403,677)	5,745,667	(430,180)
9,635,346	8,756,437	General Management	2,638,845	2,147,613	(491,232)	8,145,038	(611,399)
5,841,691	6,397,421	Special Services	2,180,290	1,429,243	(751,047)	5,062,060	(1,335,361)
14,600,640	14,600,640	Depreciation & Impairment	1,480,205	0	(1,480,205)	14,600,640	0
205,000	205,000	Provision for Bad Debts	90,200	47,836	(42,364)	205,000	0
(52,048,674)	(52,048,674)	Dwelling Rents	(22,901,416)	(17,819,095)	5,082,321	(52,409,103)	(360,429)
(2,298,601)	(2,298,601)	Garage & Other Property Rents	(1,094,928)	(915,616)	179,312	(2,403,228)	(104,627)
8,058,200	8,058,200	Housing Subsidy	3,223,280	3,699,170	475,890	8,542,515	484,315
(9,518,994)	(9,518,994)	Service Charges - General	(4,166,640)	(3,051,758)	1,114,882	(9,037,076)	481,918
(175)	(175)	Miscellaneous Income	(75)	(15,454)	(15,379)	(45,423)	(45,248)
6,640,469	6,640,469	Adjustments & Financing Items	0	(5,169)	(5,169)	6,628,064	(12,405)
(499,430)	(499,430)	Amenities shared by whole community	0	0	0	(499,430)	0
(113,240)	(113,240)	Interest Received	(47,185)	0	47,185	(113,240)	0
0	(316,539)	Total Housing Revenue Account	(7,954,179)	(8,180,807)	(226,628)	(2,391,674)	(2,075,135)

HOUSING REVENUE ACCOUNT SUBJECTIVE SUMMARY

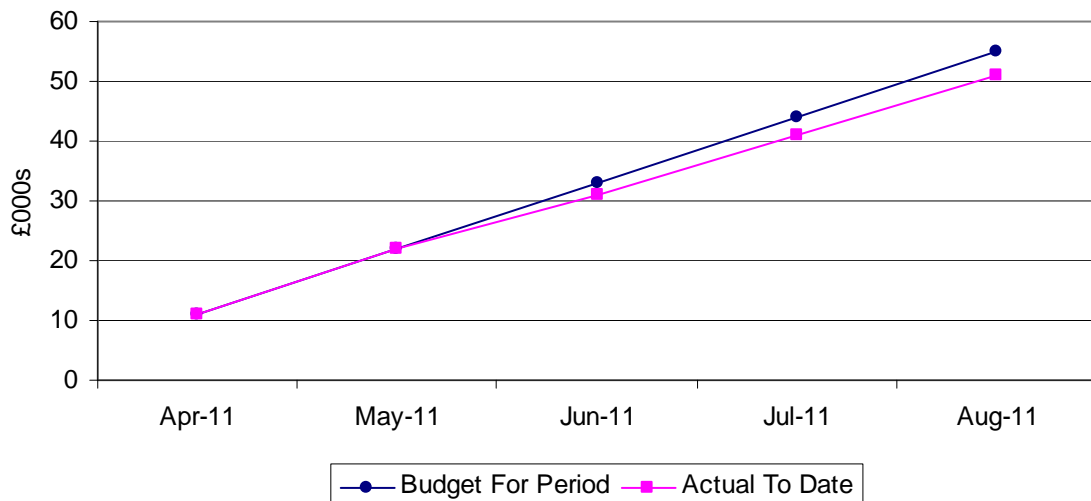
<i>Approved Budget</i>	<i>Current Budget</i>		<i>Budget To Date</i>	<i>Actual To Date</i>	<i>Variance To Date</i>	<i>Forecast Outturn</i>	<i>Forecast Variance</i>
7,283,050	7,566,141	Employees	2,993,265	2,755,528	(237,737)	7,327,450	(238,691)
20,948,352	20,953,652	Premises	12,303,459	7,288,120	(5,015,339)	19,492,231	(1,461,421)
164,295	166,945	Transport	69,400	91,982	22,582	146,025	(20,920)
3,178,641	3,552,871	Supplies & Services	878,045	438,447	(439,598)	2,917,920	(634,951)
26,400	26,400	Third Party Payments	11,616	8,198	(3,418)	24,112	(2,288)
0	0	Transfer Payments	0	29,320	29,320	70,367	70,367
7,347,463	6,601,804	Recharge Expenditure	0	5,551	5,551	6,358,554	(243,250)
16,204,609	16,204,609	Capital Charges	1,480,205	0	(1,480,205)	16,204,609	0
(65,103,304)	(65,103,204)	Receipts	(28,815,014)	(22,399,533)	6,415,481	(65,166,966)	(63,762)
8,058,200	7,812,474	Government Grants	3,120,895	3,601,660	480,765	8,303,555	491,081
(3,145,706)	(3,136,231)	Recharge Income	3,950	(79)	(4,029)	(3,107,530)	28,701
5,038,000	5,038,000	Rev Contribs to Capital	0	0	0	5,038,000	0
0	(316,539)	Total Housing Revenue Account	(7,954,179)	(8,180,807)	(226,628)	(2,391,674)	(2,075,135)



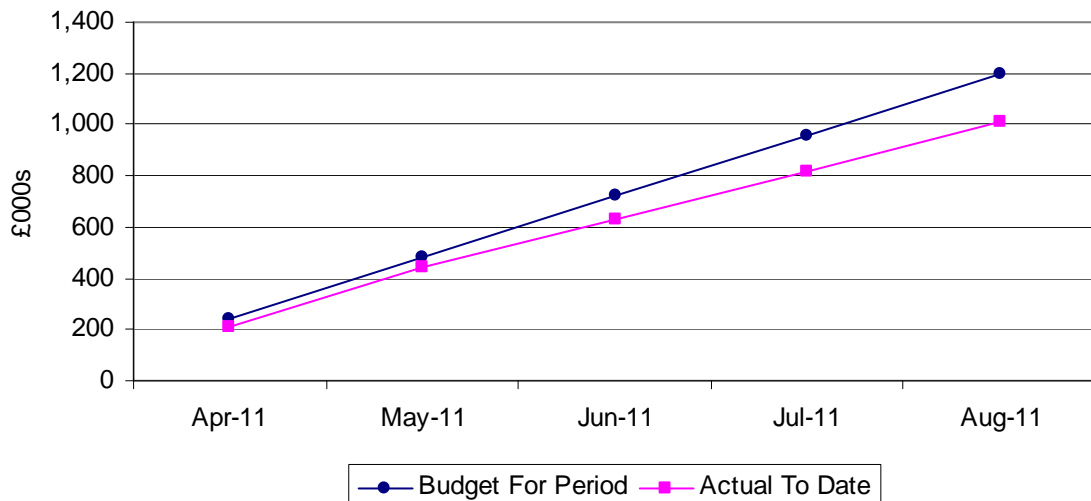
Culmulative Monthly 2011/12 - Communications & Culture



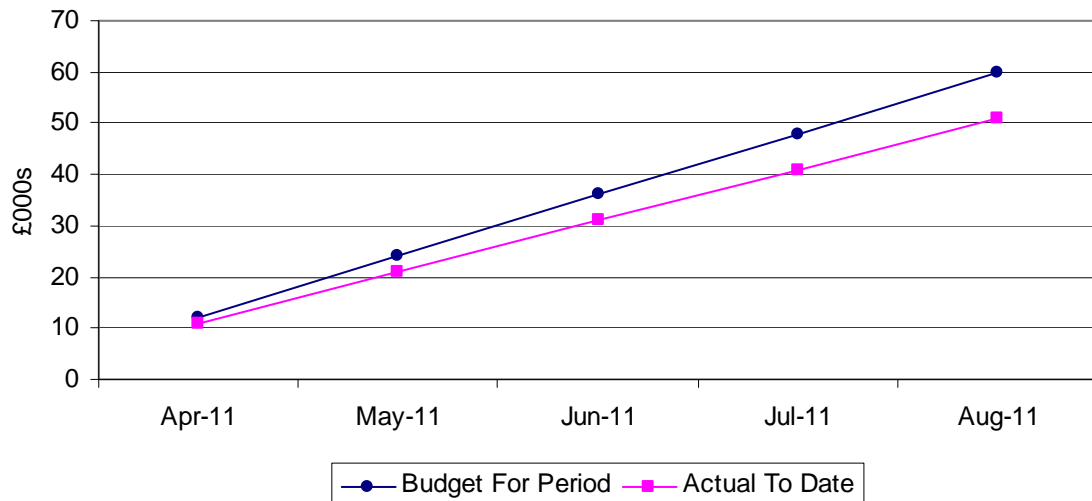
Culmulative Monthly 2011/12 - Corporate Resources



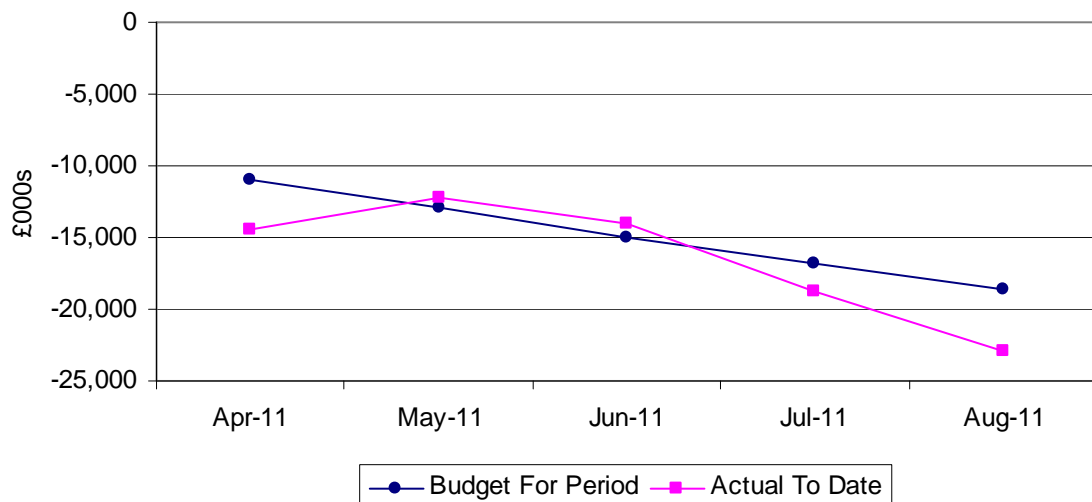
Culmulative Monthly 2011/12 - Customer Contact



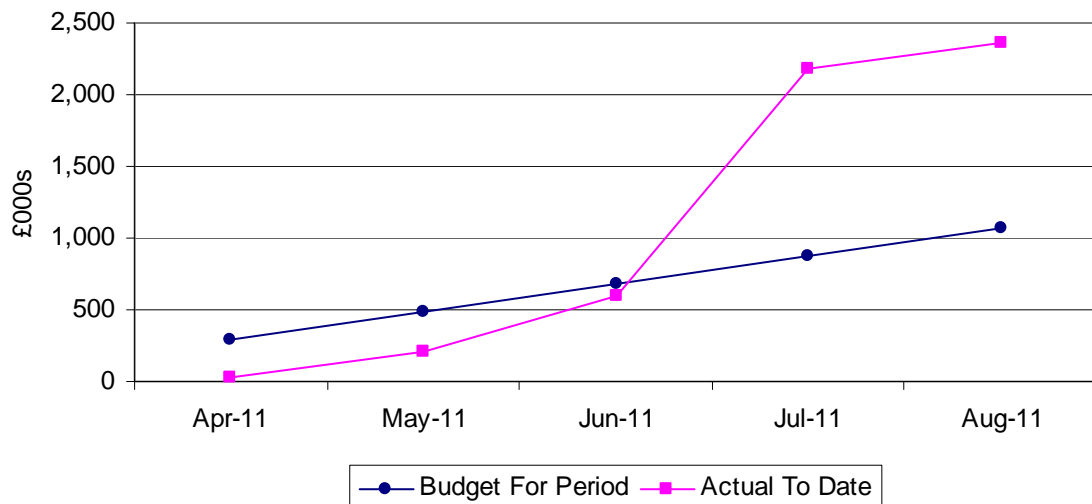
Culmulative Monthly 2011/12 - Director of R+D

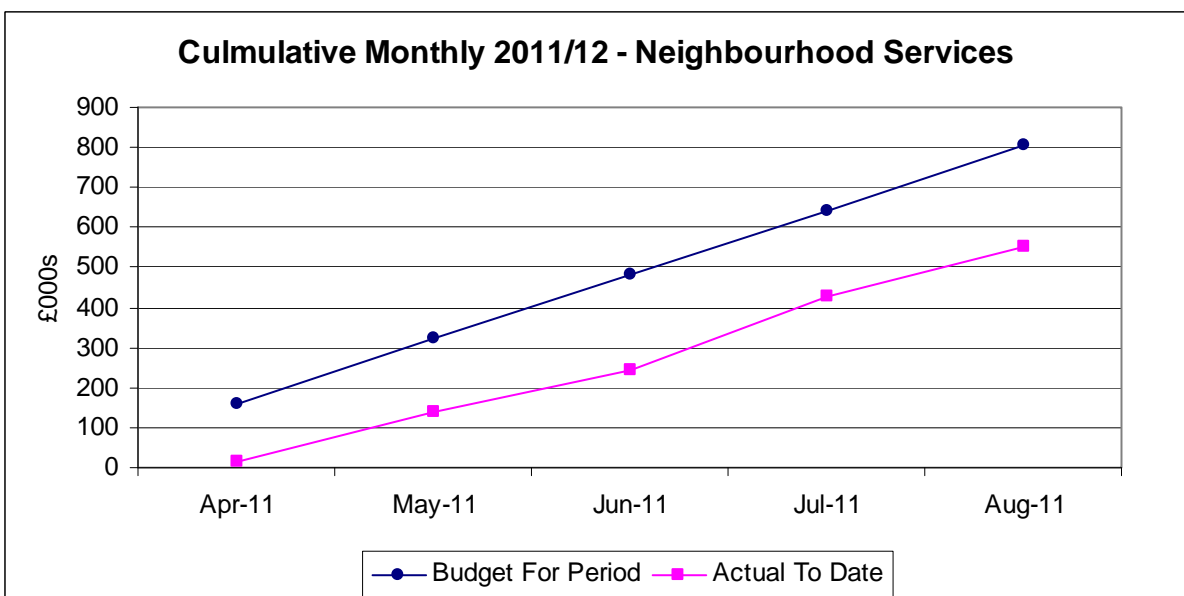
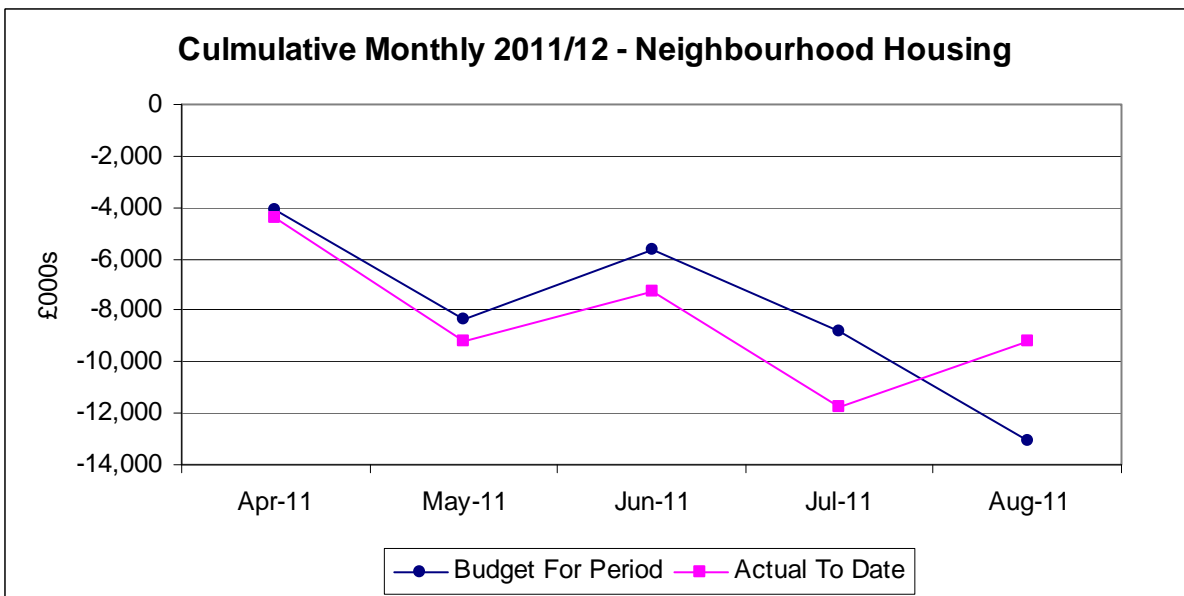
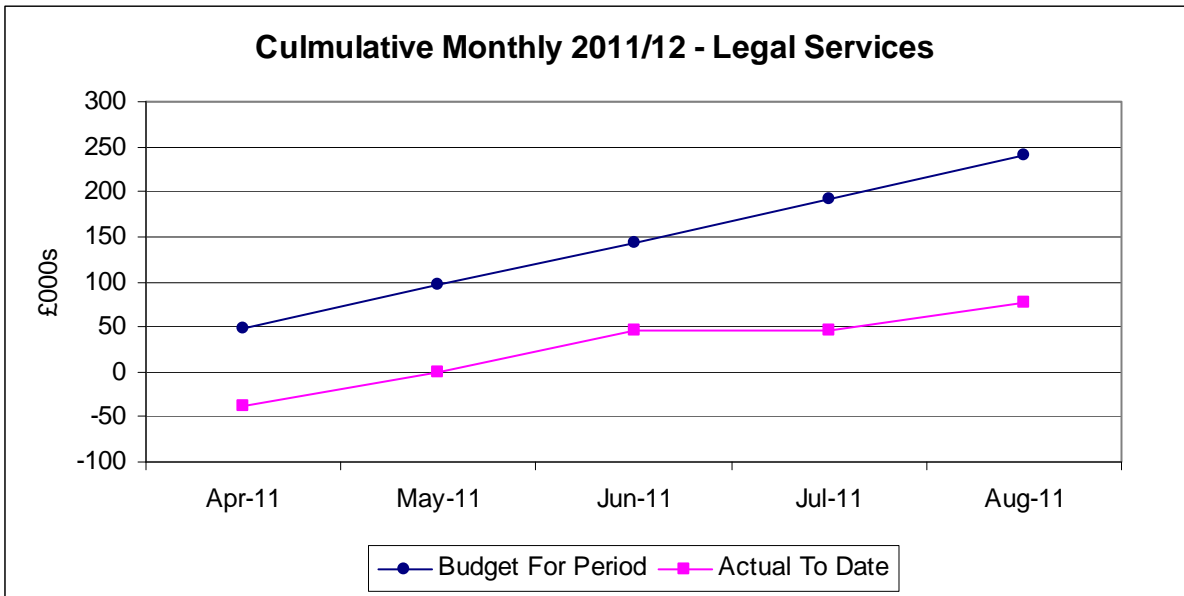


Culmulative Monthly 2011/12 - Finance

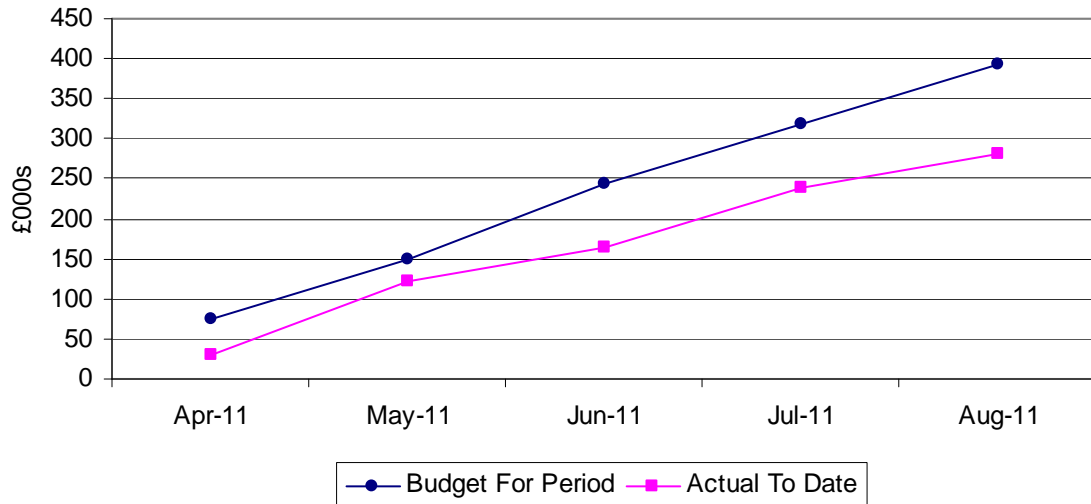


Culmulative Monthly 2011/12 - HR & Learning

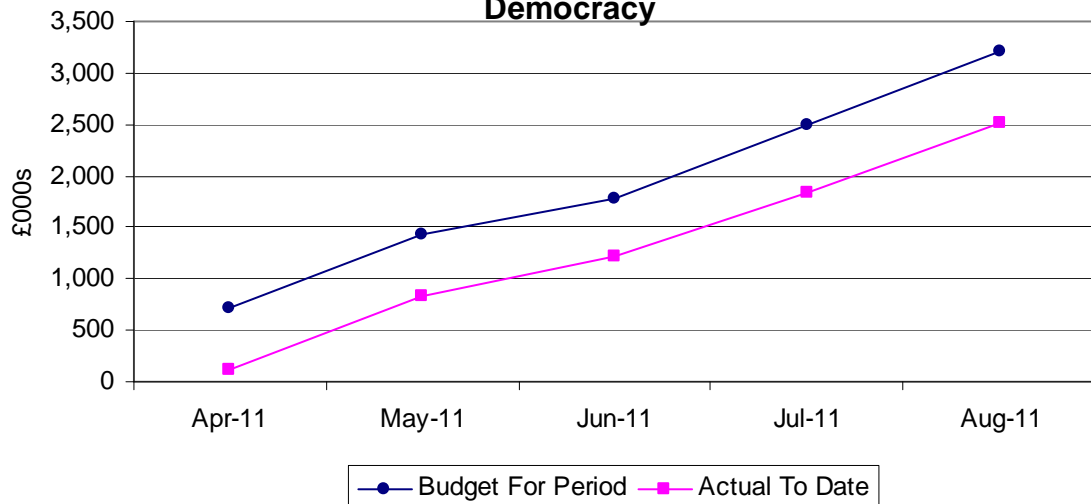




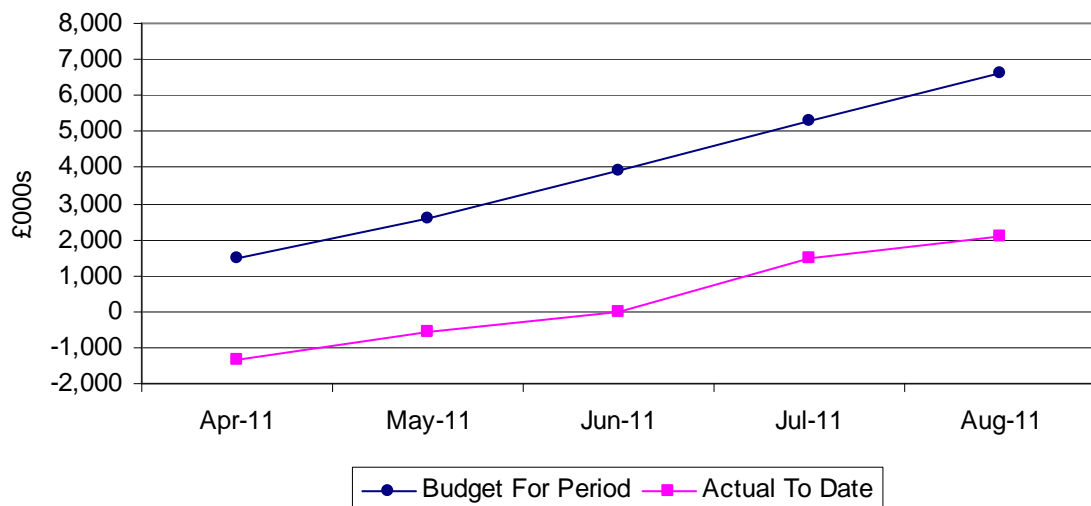
Culmulative Monthly 2011/12 - Planning



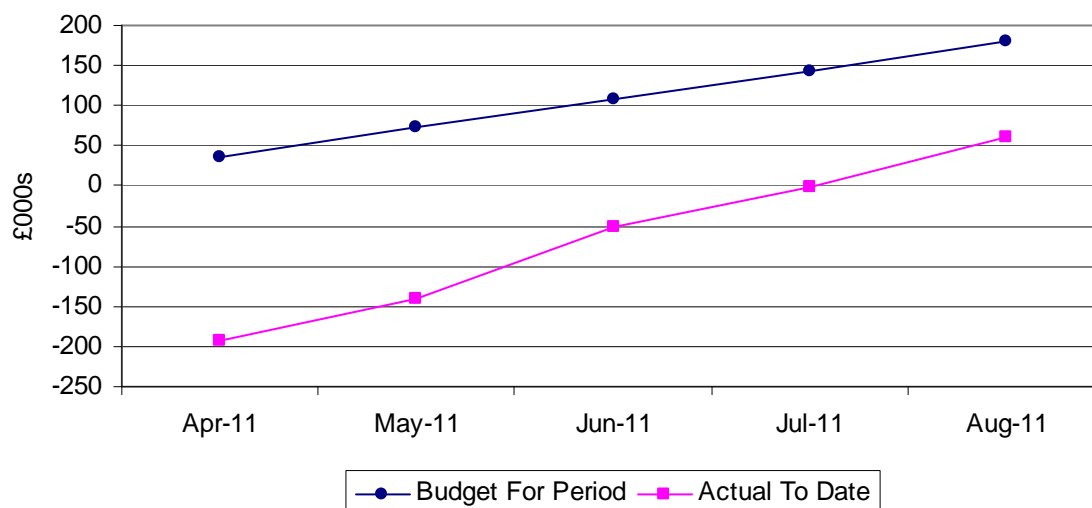
Culmulative Monthly 2011/12 - Procurement, Systems, Democracy



Culmulative Monthly 2011/12 - Property Services



Culmulative Monthly 2011/12 - Strategy & Programmes



Culmulative Monthly 2011/12 Norwich City Council (Revenue)

