

## Report for Information

**Report to** Cabinet  
14 March 2012  
**Report of** Head of Finance  
**Subject** Revenue Budget Monitoring 2011/12

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**Item**  
**5**

### **Purpose**

To update Cabinet on the current financial position as at 31 December 2011.

### **Recommendations**

To note the current financial position as at 31 December 2011.

### **Financial Consequences**

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

### **Risk Assessment**

Financial risks are set out in paragraphs 14 and 15 of the report.

### **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  
Mark Smith, Finance Control Manager

01603 212556  
01603 212561

### **Background Documents**

None

## Report

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
<b>Total General Fund budget</b>	<b>21,570</b>	<b>0</b>

4. The General Fund reports show a forecast underspend of **£0.881m**.
5. Significant contributory factors include:

<i>Service</i>	<i>Forecast Variance £000s</i>	<i>Comment</i>
Chief Executive's departments	-203	Grants & cultural activities savings
Customer Contact	-218	Salaries savings from vacancies held
Other Corporate Resources	28	Various operational over/underspends
City Development	173	Rent income shortfalls
Neighbourhood Housing	-199	Savings in Homelessness and costs of management of properties appropriated to HRA

<i>Service</i>	<i>Forecast Variance £000s</i>	<i>Comment</i>
Neighbourhood Services	-251	Staffing and operational budget savings
Property Services	428	Shortfall in recovery of direct and recharge costs in excess of budgeted due to staffing reductions
Regeneration & Development	-36	Various operational over/underspends
<b>Subtotal operational budgets</b>	<b>-278</b>	
Corporate Management	-603	Additional grant income (inc. New Homes Bonus)
<b>TOTAL OVER/UNDERSPEND</b>	<b>-881</b>	

6. 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.
7. 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**

8. 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
<b>Total net HRA budget</b>	<b>-1,091</b>	<b>0</b>

9. The Housing Revenue Account reports show a forecast underspend of **£2.226m**.
10. Significant contributory factors include:

<i>Service</i>	<i>Forecast Variance £000s</i>	<i>Comment</i>
Repairs & Maintenance	-191	Net underspend due to increase gas servicing costs offset by reduced management recharge and projected garage repairs underspend.
Rents, Rates, & Other Property	-434	Including £356k Anglian Water costs savings

<i>Service</i>	<i>Forecast Variance £000s</i>	<i>Comment</i>
Costs		
General Management	310	Increased recharges from General Fund offset by reductions elsewhere
Special Services	-1,226	£116k savings in NCAS maintenance; £336k savings in Sheltered utilities; £500k contract & utility savings; £208k lower car park charges from GF
Dwelling Rents	-417	Rental income over budget due to lower void rates and re-lets at formula rent rather than historic rent
Service Charges - General	308	Reduced tenants' water charges & shortfall in leaseholder charges (tbc)
Adjustments & Financing Items	-344	Impact of General Fund recharges offsetting increases in General Management
Amenities shared by whole community	-147	Increased charge due to NCAS costs funded from revenue instead of capital
Other HRA variances	-84	Other minor operational over/underspends
<b>TOTAL OVER/UNDERSPEND</b>	<b>-2,226</b>	

11. 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

12. 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.

13. 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

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

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

## Impact on Balances

16. 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:

<i>Item</i>	<i>£000s</i>
Budgeted balance at 1 April 2011	(4,200)
Impact of unaudited 2010/11 outturn	(1,460)
= Unaudited balance at 1 April 2011	(5,660)
Budgeted use of balances 2011/12	1,014
Budgeted contribution to balances 2011/12	0
Forecast Over/(Under)spend 2011/12	(881)
= Forecast balance at 31 March 2012	(5,527)

17. 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:

<i>Item</i>	<i>£000s</i>
Budgeted balance at 1 April 2011	(9,990)
Impact of unaudited 2010/11 outturn	(3,500)
= Unaudited balance at 1 April 2011	(13,490)
Budgeted use of balances 2011/12	0
Budgeted contribution to balances 2011/12	(1,091)
Forecast Over/(Under)spend 2011/12	(2,226)
= Forecast balance at 31 March 2012	(16,807)

**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>
<b>Chief Executive</b>							
48,542	0	Chief Executive	163,937	148,039	(15,898)	(14,068)	(14,068)
2,834,156	2,787,196	Communications & Culture	1,881,294	1,710,871	(170,423)	2,668,961	(118,235)
175,153	166,903	Strategy & Programme Management	313,119	170,621	(142,498)	96,274	(70,629)
<b>3,057,851</b>	<b>2,954,099</b>	<b>Total Chief Executive</b>	<b>2,358,350</b>	<b>2,029,530</b>	<b>(328,820)</b>	<b>2,751,167</b>	<b>(202,932)</b>
<b>Corporate Resources</b>							
44,376	0	Corporate Resources	97,893	89,737	(8,156)	(3,369)	(3,369)
746,219	(153,080)	Customer Contact	2,226,679	1,837,612	(389,067)	(371,431)	(218,351)
(19,847,916)	(20,148,973)	Finance	(25,857,158)	(29,324,241)	(3,467,083)	(20,674,389)	(525,416)
(529,328)	2,882	HR & Learning	1,834,033	3,014,831	1,180,798	89,043	86,161
(33,873)	40	Legal & Democratic Services	428,049	337,535	(90,514)	(67,352)	(67,392)
(46,639)	259,892	Procurement & Service Improvement	5,357,859	4,473,736	(884,123)	194,942	(64,950)
<b>(19,667,161)</b>	<b>(20,039,239)</b>	<b>Total Corporate Resources</b>	<b>(15,912,645)</b>	<b>(19,570,790)</b>	<b>(3,658,145)</b>	<b>(20,832,555)</b>	<b>(793,316)</b>
<b>Regeneration &amp; Development</b>							
251,108	25,189	City Development	(3,031,209)	(4,308,418)	(1,277,209)	197,797	172,608
9,611,840	9,697,116	Citywide Services	5,337,924	5,306,830	(31,094)	9,711,293	14,177
28,344	0	Director of Regeneration & Development	104,697	93,854	(10,843)	(5,040)	(5,040)
2,419,763	2,913,565	Neighbourhood Housing	890,566	645,895	(244,671)	2,714,710	(198,855)
2,437,831	2,632,561	Neighbourhood Services	1,458,930	1,069,356	(389,574)	2,381,847	(250,714)
1,879,218	1,843,718	Planning	733,962	560,011	(173,951)	1,798,548	(45,170)
(18,794)	(27,009)	Property Services	1,621,810	1,096,848	(524,962)	401,336	428,345
<b>16,609,310</b>	<b>17,085,140</b>	<b>Total Regeneration &amp; Development</b>	<b>7,116,680</b>	<b>4,464,376</b>	<b>(2,652,304)</b>	<b>17,200,490</b>	<b>115,350</b>
<b>0</b>	<b>0</b>	<b>Total General Fund</b>	<b>(6,437,615)</b>	<b>(13,076,884)</b>	<b>(6,639,269)</b>	<b>(880,899)</b>	<b>(880,899)</b>

**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	15,310,335	15,284,746	(25,589)	20,187,784	(398,372)
7,601,802	7,698,039	Premises	5,849,302	5,532,538	(316,764)	8,301,161	603,122
300,483	300,903	Transport	209,588	111,587	(98,001)	177,180	(123,723)
19,237,041	19,294,262	Supplies & Services	14,402,151	12,246,667	(2,155,484)	18,330,418	(963,844)
451,300	453,989	Third Party Payments	343,610	290,058	(53,552)	552,327	98,338
64,131,295	64,131,295	Transfer Payments	34,707,692	37,524,054	2,816,362	65,615,220	1,483,925
3,194,510	2,877,981	Capital Charges	4,953,634	3,620,586	(1,333,048)	2,886,289	8,308
(20,495,360)	(20,780,449)	Receipts	(15,823,807)	(15,667,737)	156,070	(20,679,869)	100,580
(90,061,370)	(90,187,230)	Government Grants	(68,176,891)	(73,018,329)	(4,841,438)	(92,610,202)	(2,422,972)
1,447,897	1,447,897	Centrally Managed	1,509,381	829,089	(680,292)	1,430,451	(17,446)
25,819,083	24,471,018	Recharge Expenditure	1,472,212	1,455,815	(16,397)	24,297,166	(173,852)
(32,098,084)	(30,293,861)	Recharge Income	(1,194,822)	(1,285,960)	(91,138)	(29,368,822)	925,039
<b>0</b>	<b>0</b>	<b>Total General Fund</b>	<b>(6,437,615)</b>	<b>(13,076,884)</b>	<b>(6,639,269)</b>	<b>(880,899)</b>	<b>(880,899)</b>

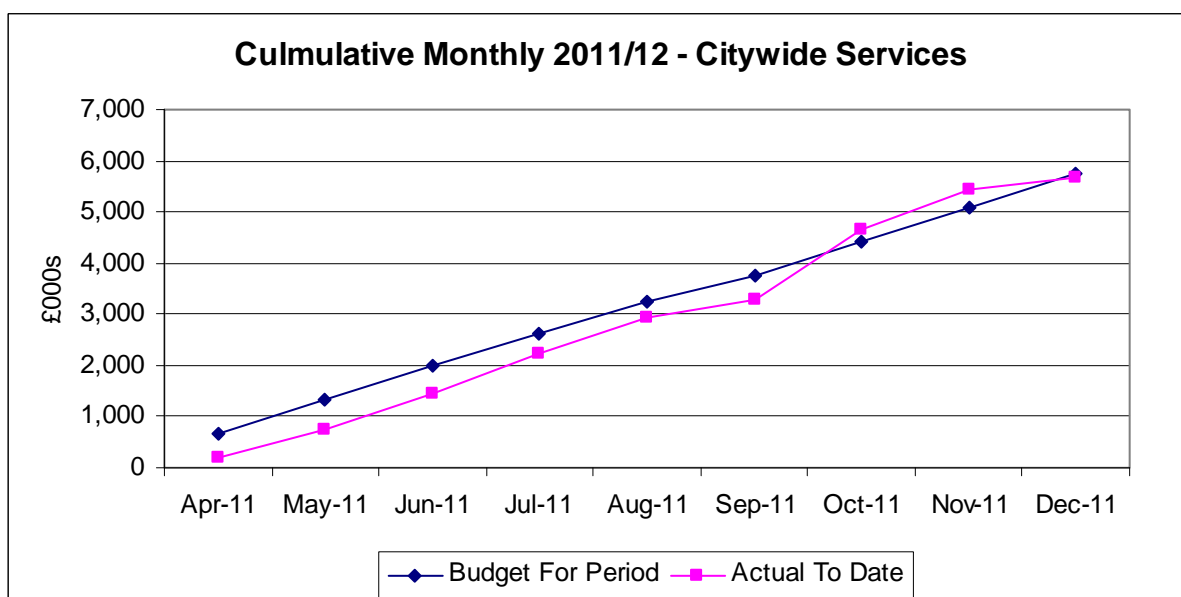
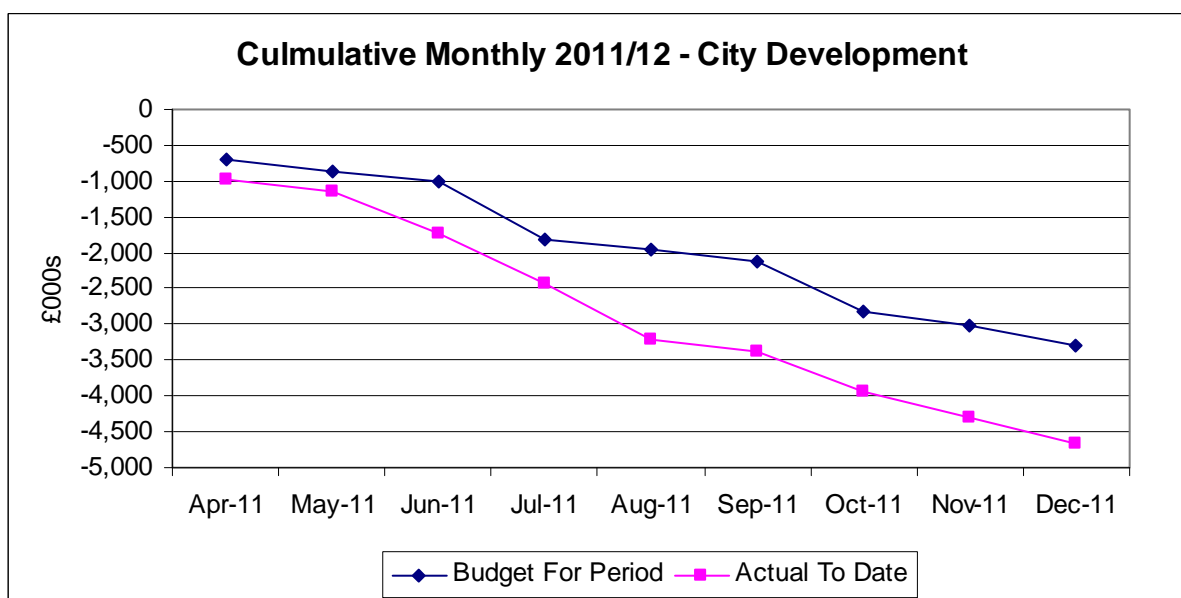
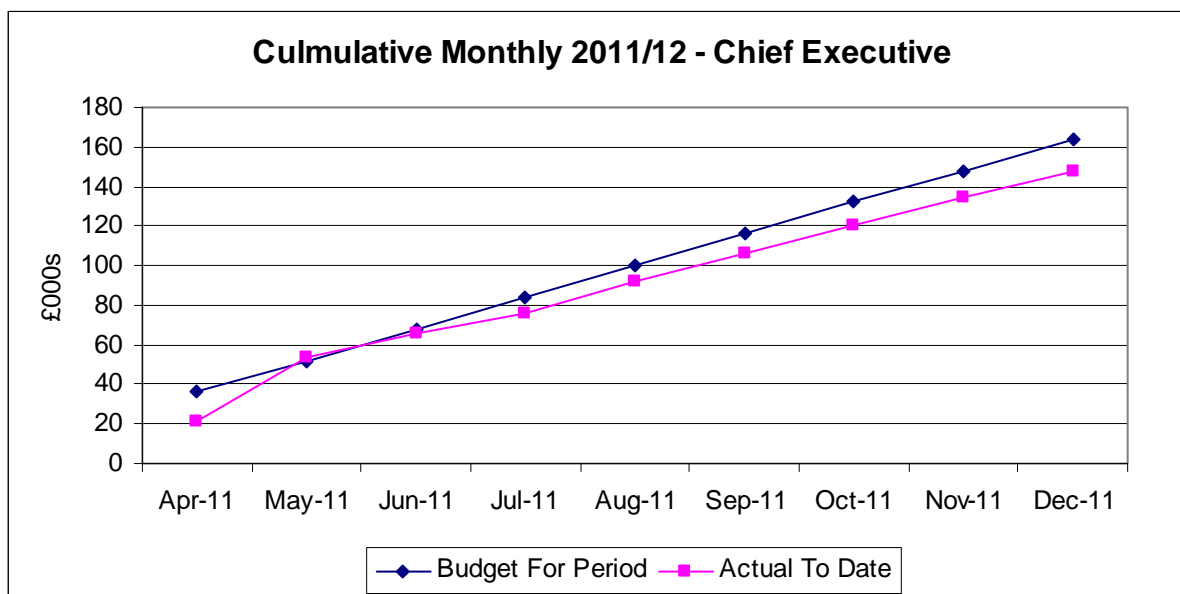
**HOUSING REVENUE ACCOUNT STATUTORY SUMMARY**

<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	11,827,161	Repairs & Maintenance	8,439,839	3,525,690	(4,914,149)	11,635,980	(191,181)
6,175,847	6,175,847	Rents, Rates, & Other Property Costs	6,116,468	5,695,159	(421,309)	5,741,506	(434,341)
9,635,346	10,298,837	General Management	4,905,474	3,990,250	(915,224)	10,608,483	309,646
5,841,691	6,356,421	Special Services	3,855,407	2,739,629	(1,115,778)	5,129,927	(1,226,494)
14,600,640	14,600,640	Depreciation & Impairment	2,664,369	0	(2,664,369)	14,600,640	0
205,000	205,000	Provision for Bad Debts	151,700	177,433	25,733	239,775	34,775
(52,048,674)	(52,048,674)	Dwelling Rents	(38,516,018)	(38,824,429)	(308,411)	(52,465,445)	(416,771)
(2,298,601)	(2,298,601)	Garage & Other Property Rents	(1,730,432)	(1,761,730)	(31,298)	(2,365,881)	(67,280)
8,058,200	8,058,200	Housing Subsidy	6,446,560	6,441,843	(4,717)	8,056,290	(1,910)
(9,518,994)	(9,518,994)	Service Charges - General	(7,053,376)	(6,932,910)	120,466	(9,211,251)	307,743
(175)	(175)	Miscellaneous Income	(135)	(38,168)	(38,033)	(49,238)	(49,063)
6,640,469	6,957,008	Adjustments & Financing Items	0	(20,482)	(20,482)	6,613,159	(343,849)
(499,430)	(499,430)	Amenities shared by whole community	0	0	0	(646,605)	(147,175)
(113,240)	(113,240)	Interest Received	(84,933)	0	84,933	(113,240)	0
<b>0</b>	<b>0</b>	<b>Total Housing Revenue Account</b>	<b>(14,805,077)</b>	<b>(25,007,715)</b>	<b>(10,202,638)</b>	<b>(2,225,899)</b>	<b>(2,225,899)</b>

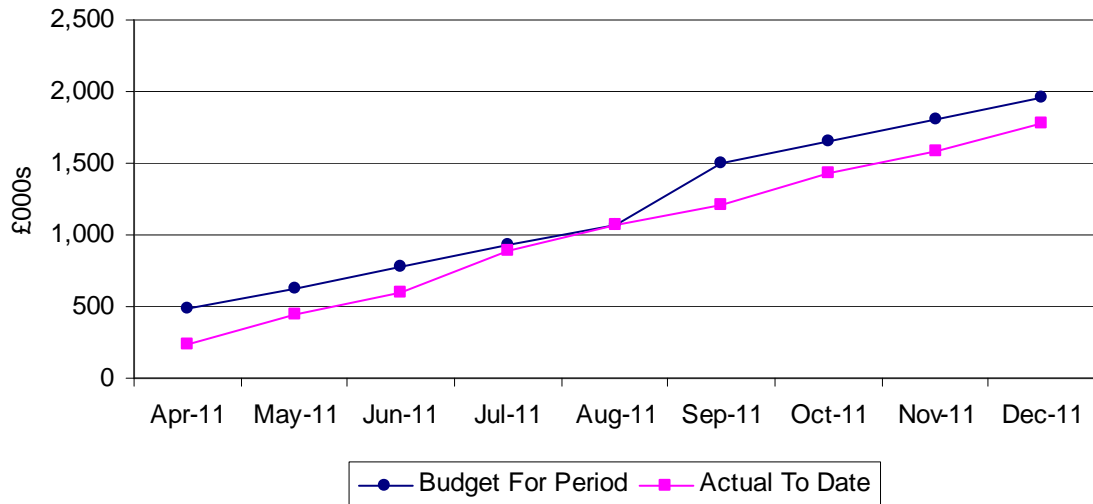
**HOUSING REVENUE ACCOUNT SUBJECTIVE SUMMARY**

<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	5,385,149	5,023,167	(361,982)	7,432,183	(133,958)
20,948,352	20,912,652	Premises	17,405,321	11,095,631	(6,309,690)	19,625,330	(1,287,322)
164,295	166,945	Transport	124,920	105,692	(19,228)	142,736	(24,209)
3,178,641	3,505,646	Supplies & Services	1,545,401	967,008	(578,393)	3,041,133	(464,513)
26,400	26,400	Third Party Payments	19,538	17,705	(1,833)	23,926	(2,474)
0	0	Transfer Payments	0	65,969	65,969	87,959	87,959
7,347,463	5,119,404	Recharge Expenditure	14,247	16,312	2,065	5,496,088	376,684
16,204,609	16,521,148	Capital Charges	2,664,369	0	(2,664,369)	16,204,609	(316,539)
(65,103,304)	(65,024,504)	Receipts	(48,226,289)	(48,527,581)	(301,292)	(65,511,113)	(486,609)
8,058,200	7,812,474	Government Grants	6,262,267	6,228,461	(33,806)	7,797,585	(14,889)
(3,145,706)	(1,644,306)	Recharge Income	0	(79)	(79)	(1,604,335)	39,971
5,038,000	5,038,000	Rev Contribs to Capital	0	0	0	5,038,000	0
<b>0</b>	<b>0</b>	<b>Total Housing Revenue Account</b>	<b>(14,805,077)</b>	<b>(25,007,715)</b>	<b>(10,202,638)</b>	<b>(2,225,899)</b>	<b>(2,225,899)</b>

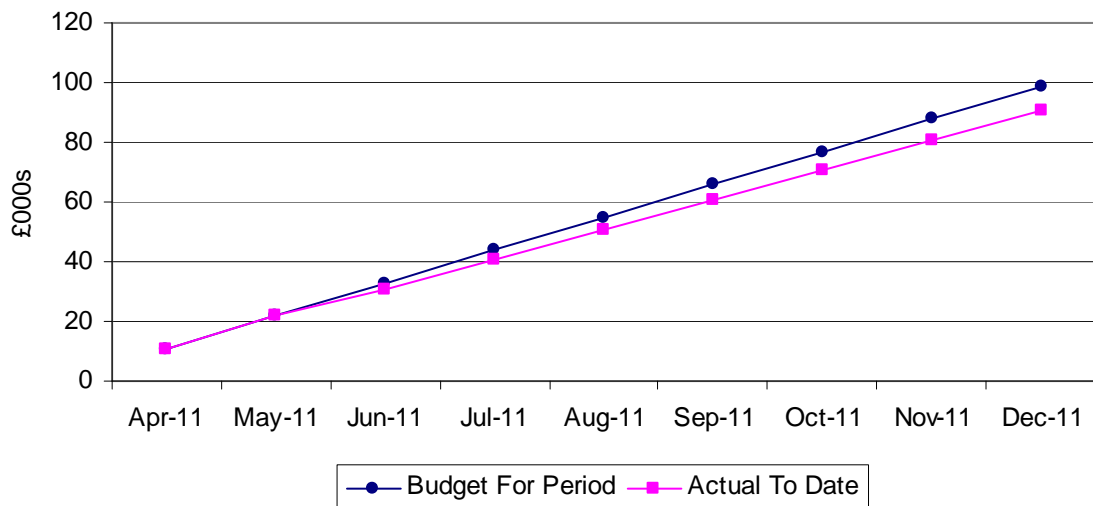




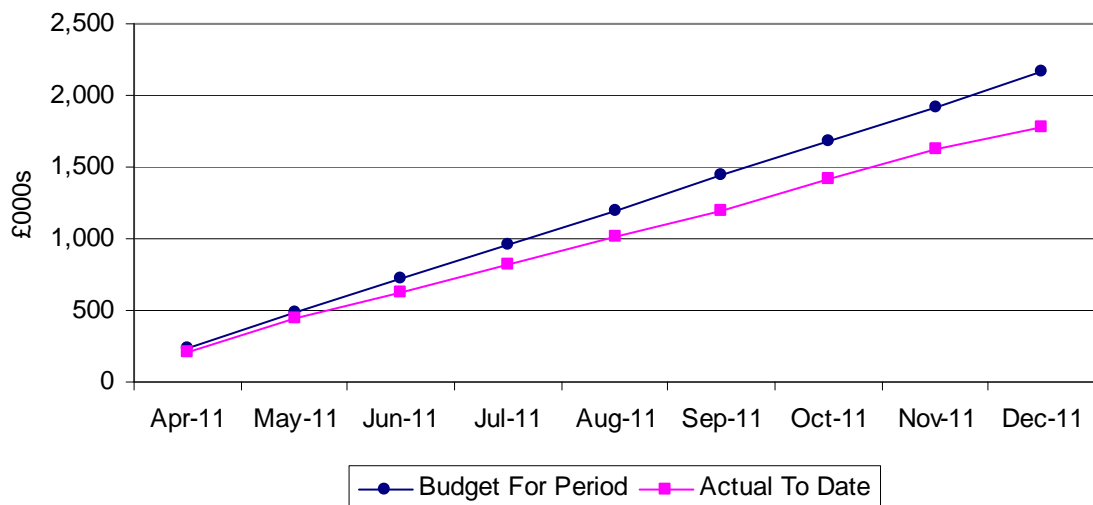
**Culmulative Monthly 2011/12 - Communications & Culture**



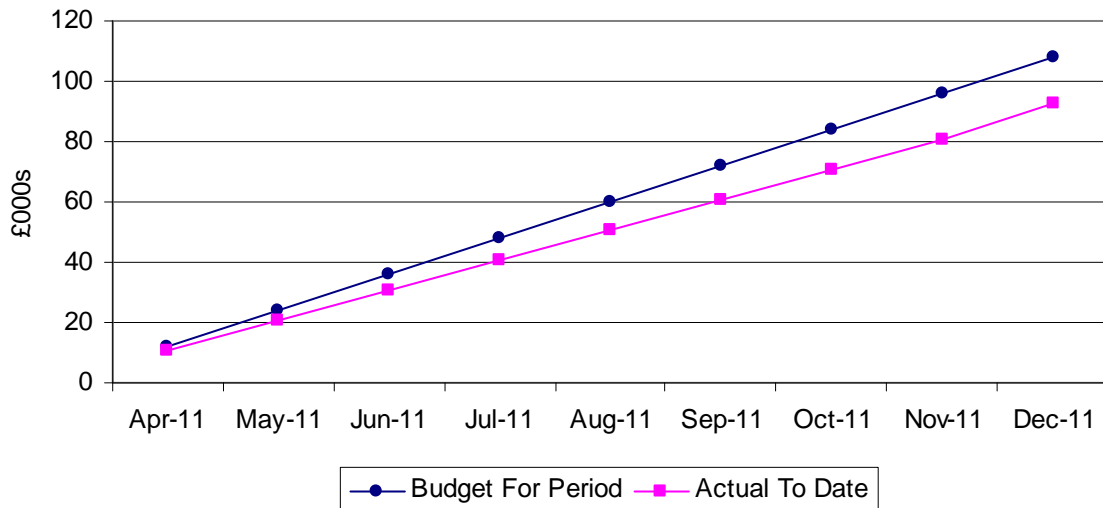
**Culmulative Monthly 2011/12 - Corporate Resources**



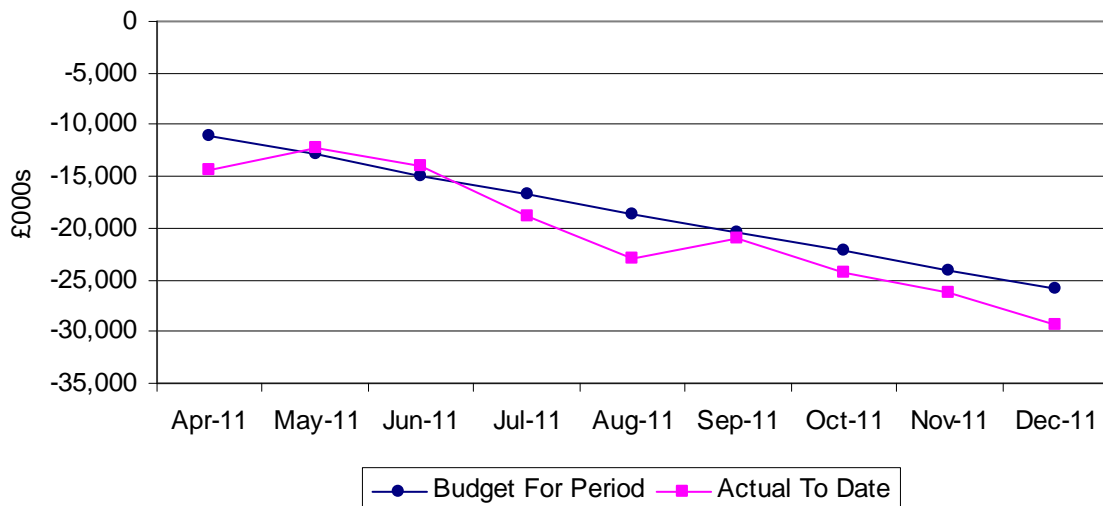
**Culmulative Monthly 2011/12 - Customer Contact**



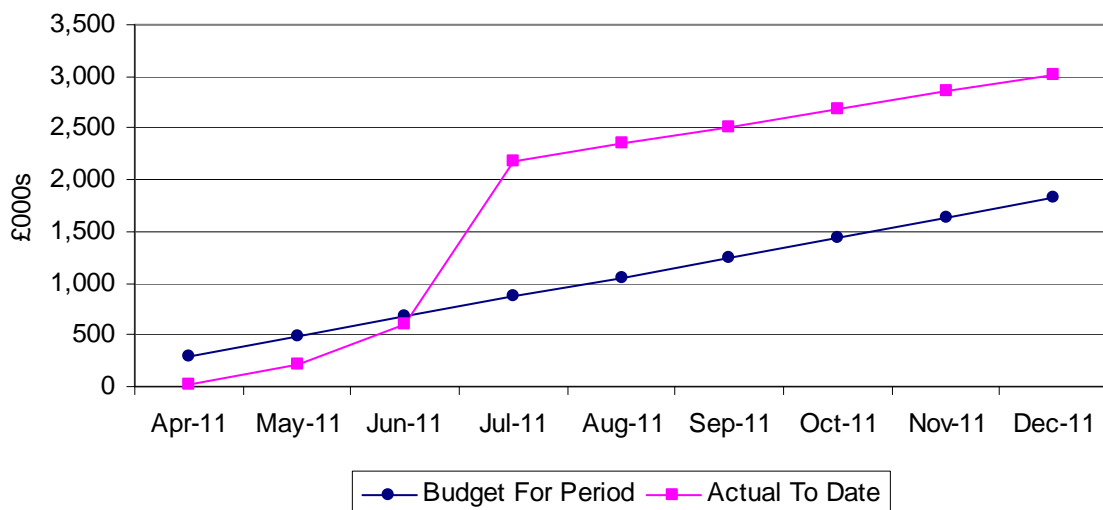
**Culmulative Monthly 2011/12 - Director of R+D**



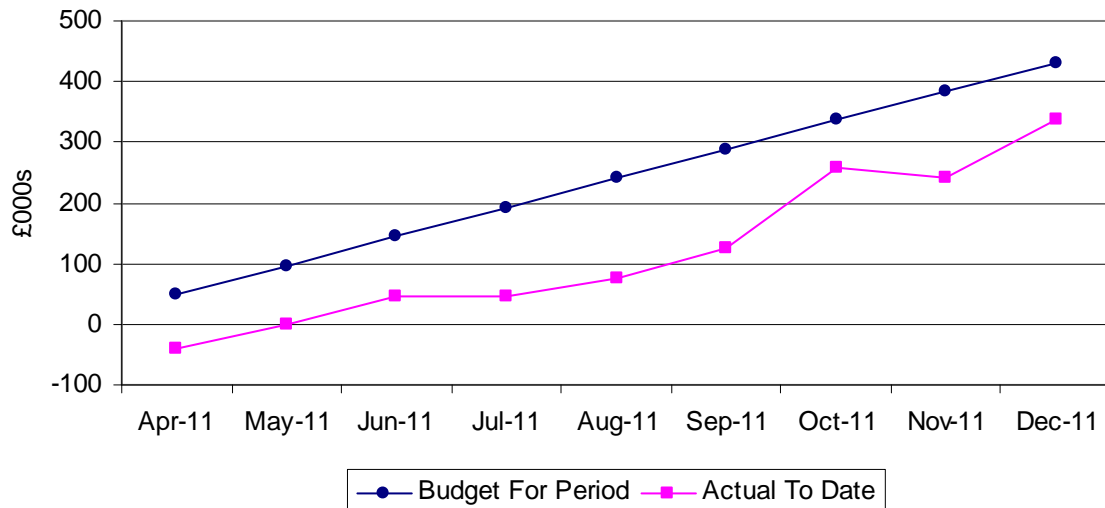
**Culmulative Monthly 2011/12 - Finance**



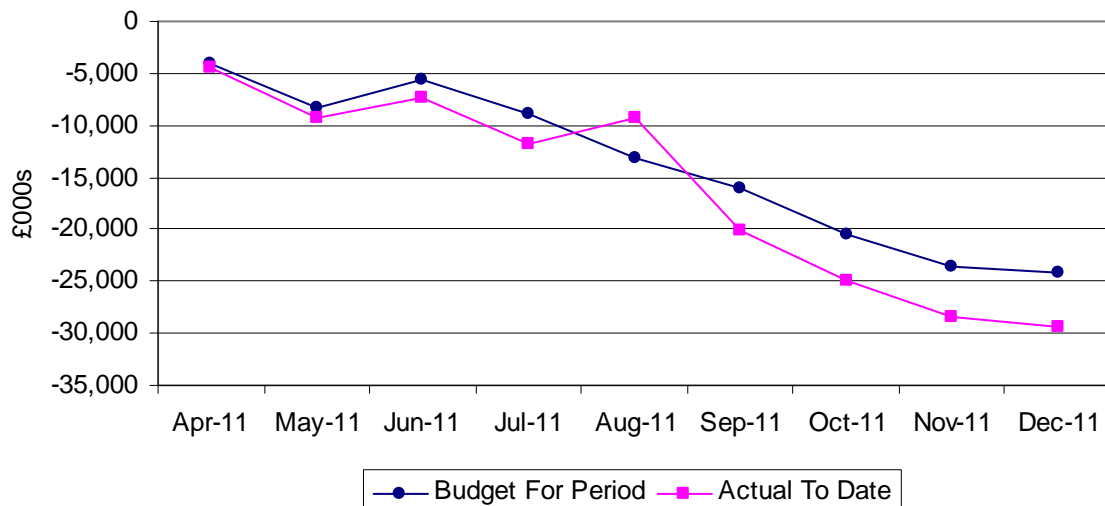
**Culmulative Monthly 2011/12 - HR & Learning**



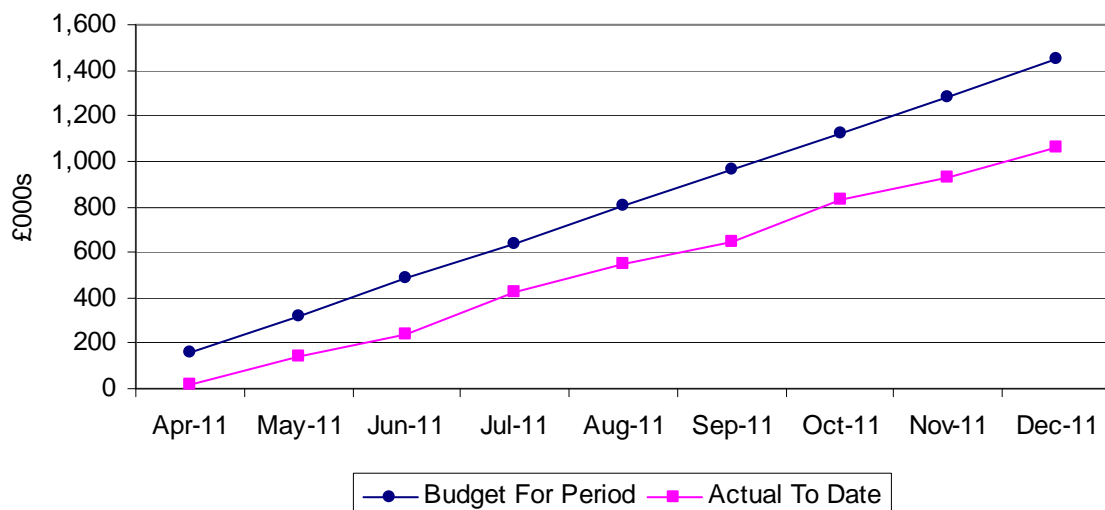
### Culmulative Monthly 2011/12 - Legal Services



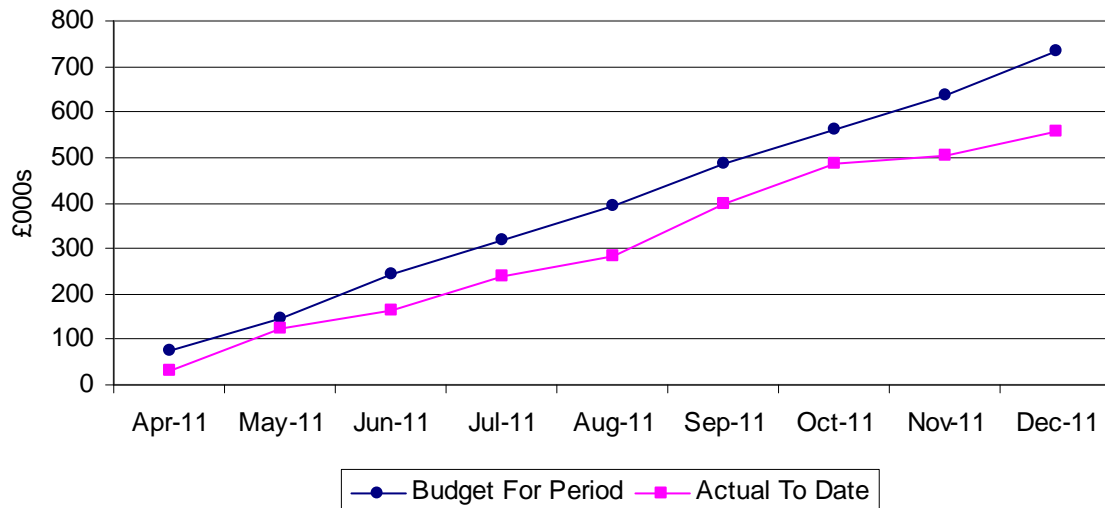
### Culmulative Monthly 2011/12 - Neighbourhood Housing



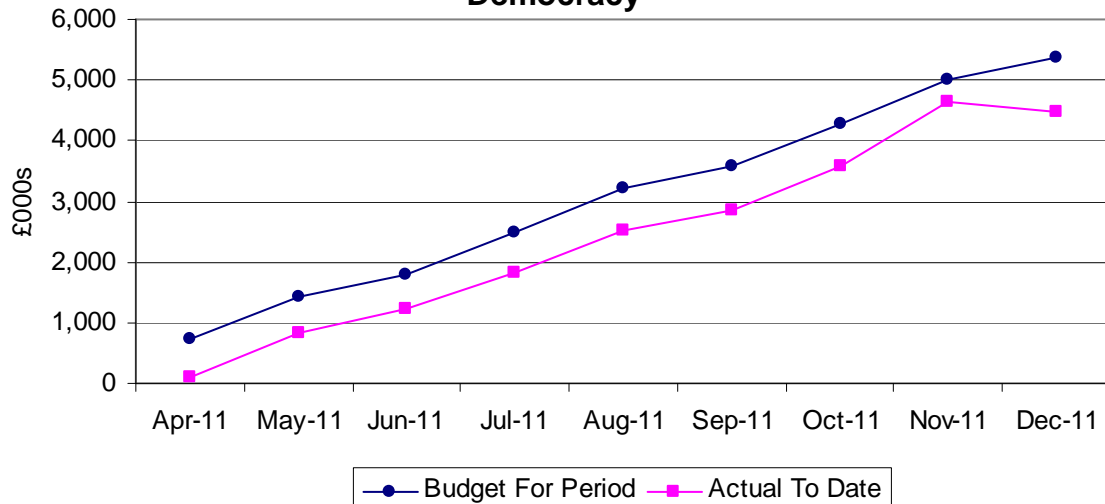
### Culmulative Monthly 2011/12 - Neighbourhood Services



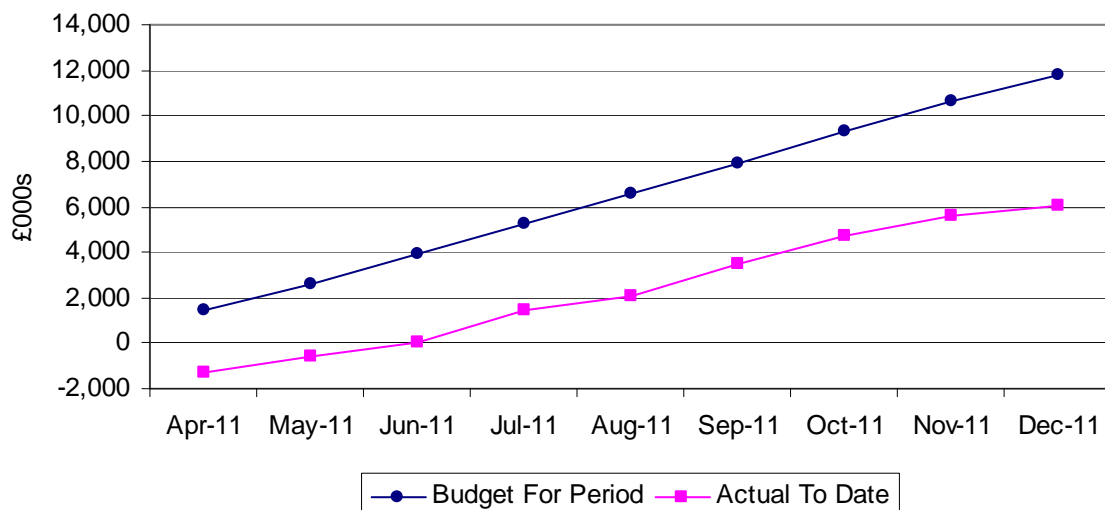
### Culmulative Monthly 2011/12 - Planning



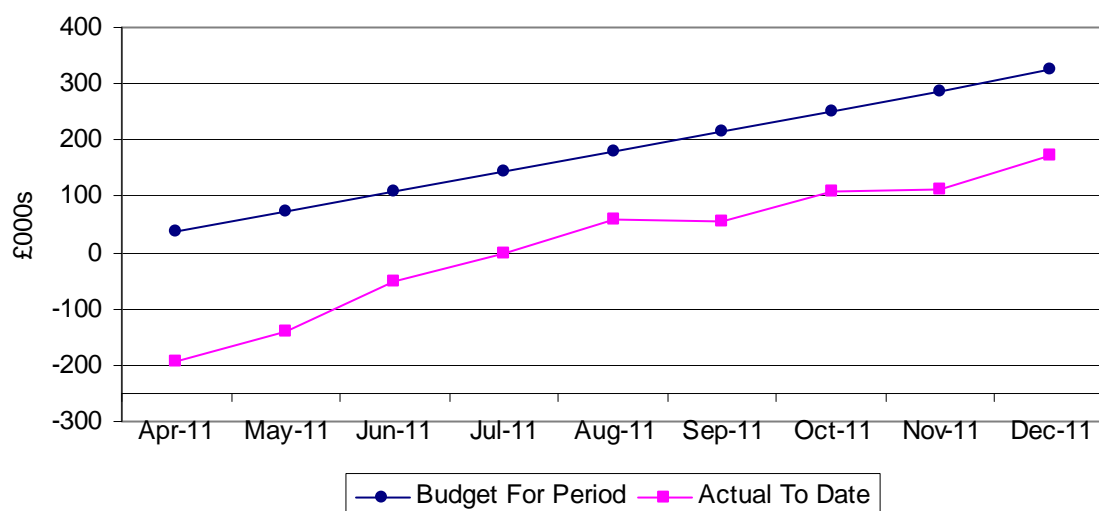
### Culmulative Monthly 2011/12 - Procurement, Systems, Democracy



### Culmulative Monthly 2011/12 - Property Services



### Culmulative Monthly 2011/12 - Strategy & Programmes



### Culmulative Monthly 2011/12 Norwich City Council (Revenue)

