

Report to Cabinet 12 September 2012
Report of Chief finance officer
Subject Revenue Budget Monitoring 2012/13 – Period 04

Item
11

Purpose

To update Cabinet on the financial position as at 31 July 2012 and the forecast outturn for the year 2012/13.

Recommendation

To note the financial position as at 31 July 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 £0.699m.
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>Service</i>	<i>Forecast Variance £000s</i>	<i>Commentary</i>
Finance	(275)	Additional investment income
Procurement & Serv. Imp	(129)	Savings from pre-LGSS budgets
Customer Contact	(144)	Salaries savings
Citywide Services	200	Potential contract overspends
Neighbourhood Housing	(171)	Private Sector Leasing underspend
Neighbourhood Services	(170)	Salaries & supplies underspends
Planning	318	Forecast income shortfalls

<i>Service</i>	<i>Forecast Variance £000s</i>	<i>Commentary</i>
Human Resources	(113)	Recruitment & CRB check savings

6. The overspend to date reported of £1.880m is largely due to Housing Benefit payments and interest payments to the Public Works Loan Board in advance of the budget profile,. 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 £1.819m.
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	(193)	Uncommitted garage & sheltered housing repairs budgets
Other property costs	225	Increased Anglian Water charges
Special Services	(668)	Fuel and utilities savings, based on previous years' spend profiles, which may be adversely affected by autumn/winter weather conditions
Dwelling Rents	(861)	Projected to overachieve budget significantly (£0.854m or 1.5%), but this may be affected by future void performance.

<i>Service</i>	<i>Forecast Variance £000s</i>	<i>Commentary</i>
Non-Dwelling Rents	184	Garage rent shortfall & write-offs
Service Charges	(296)	Recovery of Anglian Water charges

10. The underspend to date reported of £4.368m 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	(699)
= Forecast balance at 31 March 2013	(7,779)

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	(1,819)
= Forecast balance at 31 March 2013	(19,247)

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:	11 July 2012
Head of service:	Chief Finance Officer
Report subject:	Revenue Budget Monitoring 2012/13
Date assessed:	22 June 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.

Budget Monitoring Summary

Year: 2012/13

Period: 04 (Jul)

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	173,370	160,179	(13,191)	96,526	(10,512)
(19,440,102)	(18,567,190)	Finance	(17,167,119)	(13,960,095)	3,207,024	(18,842,257)	(275,067)
103	(1,806,904)	Procurement & Service Improvement	1,065,854	(141,454)	(1,207,308)	(1,935,983)	(129,079)
(19,439,999)	(20,267,056)	Total Business Relationship	(15,927,895)	(13,941,370)	1,986,525	(20,681,714)	(414,658)
		Chief Executive					
(486,495)	1,007,204	Chief Executive	(624,917)	(714,885)	(89,968)	962,169	(45,035)
754	754	Law & Governance	161,296	80,118	(81,178)	53,381	52,627
(485,741)	1,007,958	Total Chief Executive	(463,621)	(634,767)	(171,146)	1,015,551	7,593
		Customers, Comms & Culture					
2,605,935	2,605,935	Communications & Culture	853,814	890,478	36,664	2,518,759	(87,176)
(164,079)	(528,757)	Customer Contact	752,956	801,447	48,491	(672,877)	(144,120)
2,441,856	2,077,178	Total Customers, Comms & Culture	1,606,770	1,691,925	85,155	1,845,883	(231,296)
		Operations					
748,174	398,350	City Development	(1,059,415)	(1,616,832)	(557,417)	307,844	(90,506)
9,381,074	9,381,074	Citywide Services	2,375,189	2,321,400	(53,789)	9,580,963	199,889
10	10	Deputy Chief Executive	46,136	42,996	(3,140)	(9,398)	(9,408)
2,681,479	2,681,479	Neighbourhood Housing	385,048	262,029	(123,019)	2,510,712	(170,767)
2,431,779	2,431,779	Neighbourhood Services	608,644	446,744	(161,900)	2,262,265	(169,514)
1,519,178	1,519,178	Planning	235,012	253,653	18,641	1,837,939	318,761
266,695	266,695	Property Services	488,072	571,675	83,603	245,751	(20,944)
17,028,389	16,678,565	Total Operations	3,078,686	2,281,664	(797,022)	16,736,076	57,511
		Strategy, People & Democracy					
338,434	338,434	Democratic Services	326,652	259,639	(67,013)	311,968	(26,466)
30	30	Human Resources	1,987,814	1,865,761	(122,053)	(113,730)	(113,760)
(84)	(84)	Learning & Development	88,032	54,521	(33,511)	36,360	36,444
117,115	164,975	Strategy & Programme Management	113,941	1,113,013	999,072	150,814	(14,161)
455,495	503,355	Total Strategy, People & Democracy	2,516,439	3,292,934	776,495	385,411	(117,944)
0	0	Total General Fund	(9,189,621)	(7,309,615)	1,880,006	(698,794)	(698,794)

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	16,952,700	Employees	7,032,775	6,922,004	(110,771)	16,398,840	(553,860)
7,567,299	7,735,671	Premises	3,187,374	4,037,859	850,485	7,808,069	72,398
301,681	280,755	Transport	92,265	28,885	(63,380)	140,718	(140,037)
19,186,146	14,689,306	Supplies & Services	4,978,937	3,481,592	(1,497,345)	13,759,250	(930,056)
563,603	7,124,938	Third Party Payments	2,125,479	87,953	(2,037,526)	6,830,194	(294,744)
67,218,863	67,218,863	Transfer Payments	11,302,015	14,777,128	3,475,113	67,204,842	(14,021)
3,695,466	4,784,197	Capital Financing	706,961	2,545,334	1,838,373	4,921,969	137,772
67,084	0	Savings Proposals	0	0	0	0	0
(21,515,795)	(21,632,834)	Receipts	(7,528,353)	(7,572,411)	(44,058)	(20,394,561)	1,238,273
(92,379,992)	(92,390,413)	Government Grants	(30,952,261)	(31,940,338)	(988,077)	(92,717,241)	(326,828)
1,505,332	1,505,332	Centrally Managed	501,808	101,821	(399,987)	1,505,332	0
21,604,340	21,611,342	Recharge Expenditure	863,052	734,782	(128,270)	21,288,132	(323,210)
(27,829,857)	(27,879,857)	Recharge Income	(1,499,673)	(514,226)	985,447	(27,444,338)	435,519
0	0	Total General Fund	(9,189,621)	(7,309,615)	1,880,006	(698,794)	(698,794)

Budget Monitoring Report

Year: 2012/13

Period: 04 (Jul)

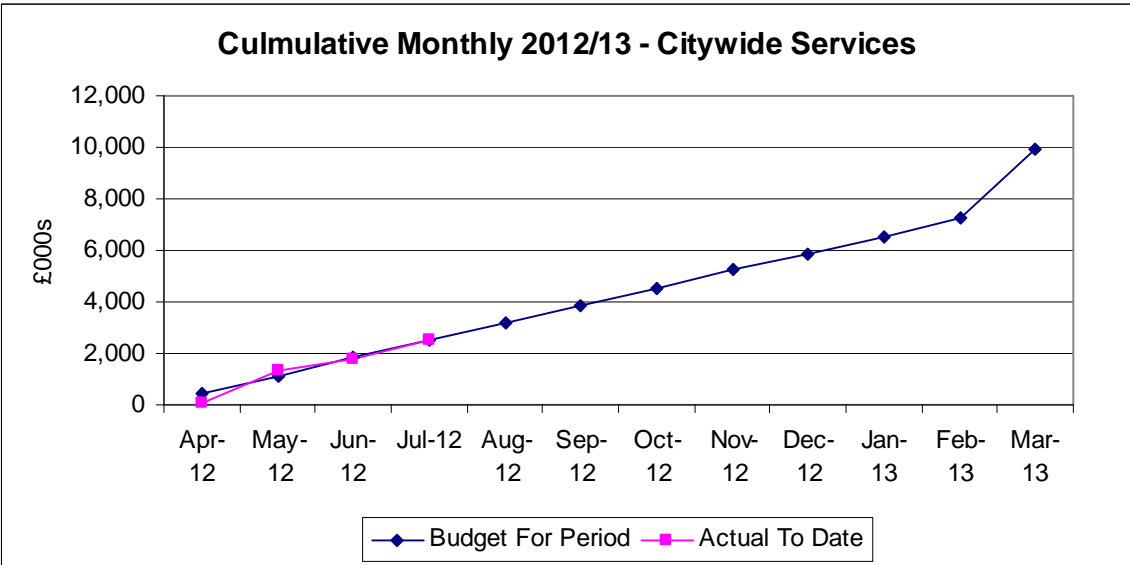
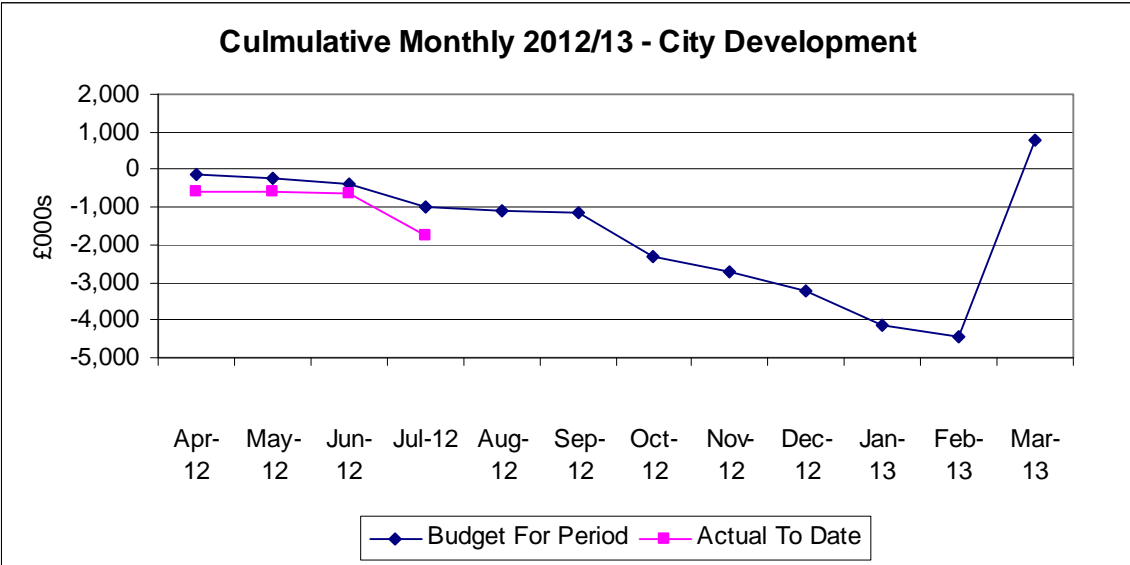
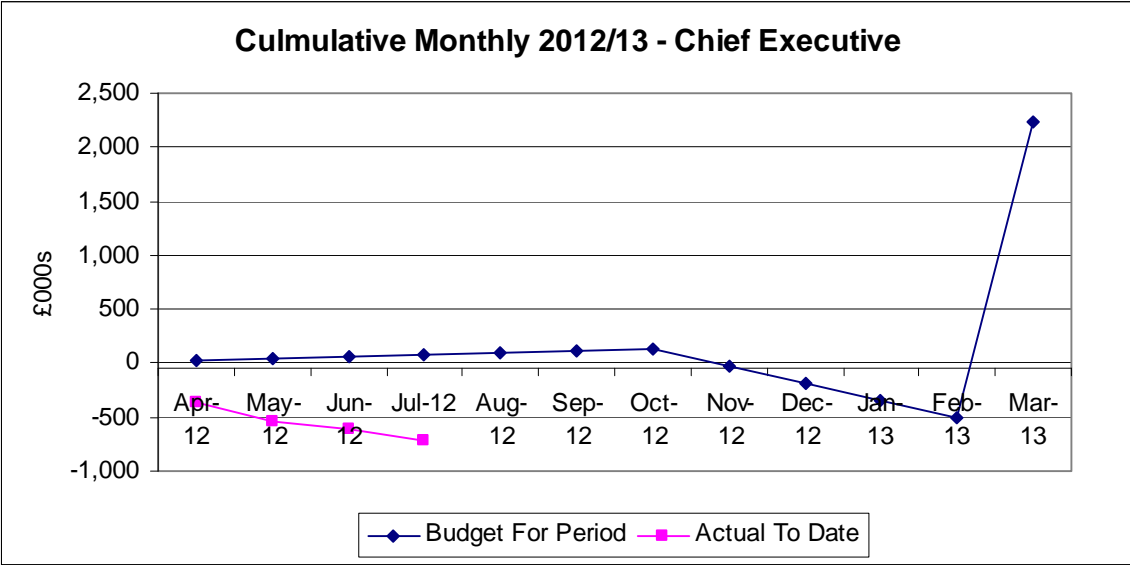
HOUSING REVENUE ACCOUNT STATUTORY SUMMARY

<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	5,185,212	2,081,939	(3,103,273)	15,368,081	(192,558)
6,144,214	6,144,214	Rents, Rates, & Other Property Costs	5,882,871	6,041,806	158,935	6,369,457	225,243
10,753,613	10,772,143	General Management	2,407,919	1,589,912	(818,007)	10,662,979	(109,164)
5,696,238	5,696,238	Special Services	1,664,104	1,181,465	(482,639)	5,028,402	(667,836)
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	0	(107,500)	215,000	0
(55,298,270)	(55,298,270)	Dwelling Rents	(19,907,392)	(20,217,529)	(310,137)	(56,159,763)	(861,493)
(2,383,135)	(2,383,135)	Garage & Other Property Rents	(999,162)	(892,897)	106,265	(2,199,297)	183,838
20	20	Housing Subsidy	0	0	0	20	0
(9,785,488)	(9,785,488)	Service Charges - General	(3,493,250)	(3,286,880)	206,370	(10,082,046)	(296,558)
10	10	Miscellaneous Income	0	(15,792)	(15,792)	(44,005)	(44,015)
2,766,239	2,747,709	Adjustments & Financing Items	(13,963)	(16,404)	(2,441)	2,690,977	(56,732)
(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	(9,166,161)	(13,534,381)	(4,368,220)	(1,819,275)	(1,819,275)

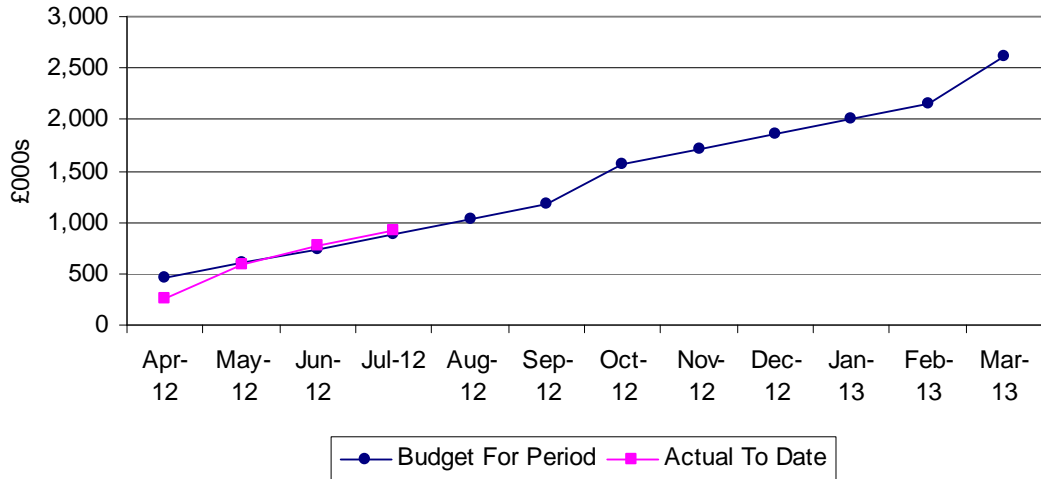
HOUSING REVENUE ACCOUNT SUBJECTIVE SUMMARY

<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	2,361,184	2,291,648	(69,536)	8,236,436	760,456
24,436,463	24,436,463	Premises	11,986,941	8,760,188	(3,226,753)	23,039,314	(1,397,149)
169,460	168,782	Transport	56,303	(648)	(56,951)	22,087	(146,695)
3,894,458	3,888,056	Supplies & Services	826,124	152,941	(673,183)	3,011,636	(876,420)
259,000	355,096	Third Party Payments	37,994	4,287	(33,707)	344,505	(10,591)
4,768,776	4,768,776	Recharge Expenditure	428,352	0	(428,352)	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	(24,766,879)	(24,654,159)	112,720	(68,879,085)	(134,482)
(239,476)	(239,476)	Government Grants	(79,824)	(88,637)	(8,813)	(221,398)	18,078
(2,122,703)	(2,122,703)	Recharge Income	(16,356)	0	16,356	(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	(9,166,161)	(13,534,381)	(4,368,220)	(1,819,275)	(1,819,275)

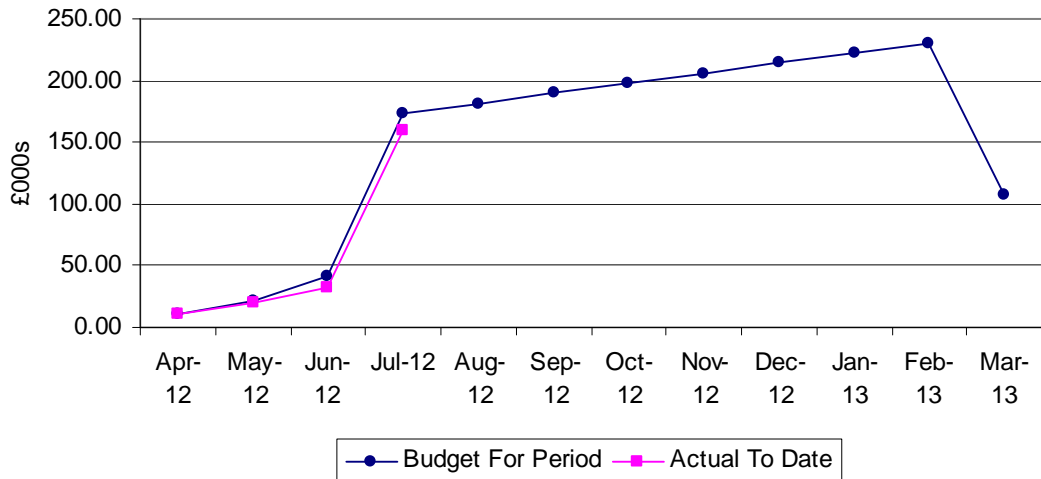
Budget & Expenditure – Monthly by Service Graphs



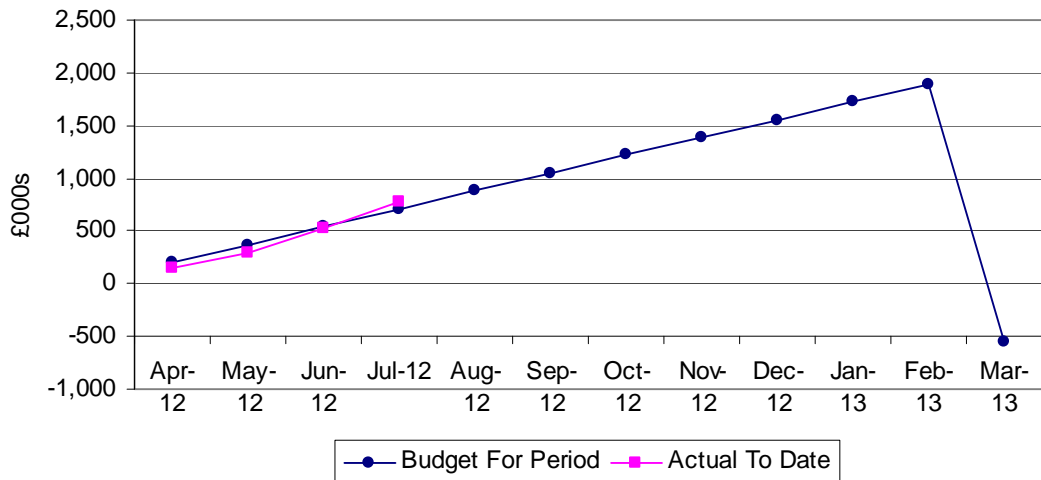
Cumululative Monthly 2012/13 - Communications & Culture



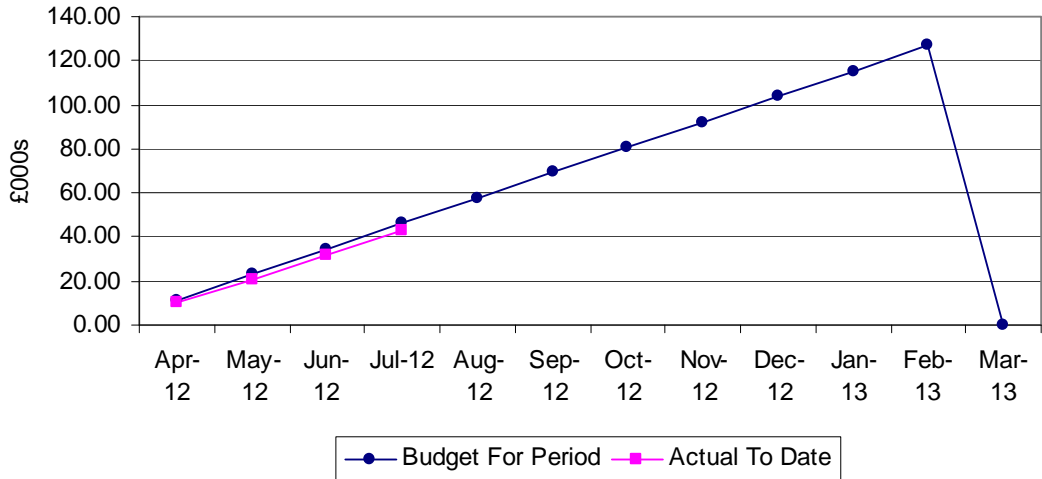
Cumululative Monthly 2012/13 - Corporate Resources



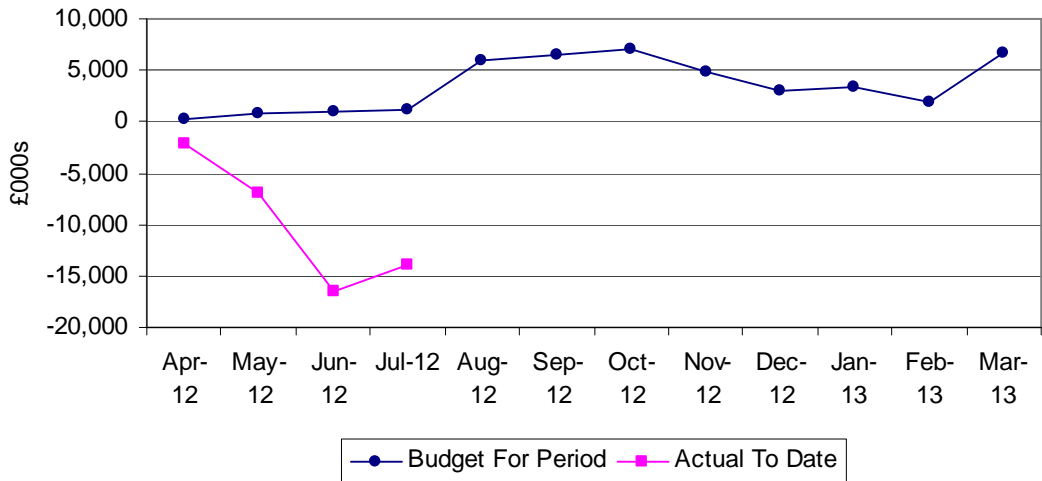
Cumululative Monthly 2012/13 - Customer Contact



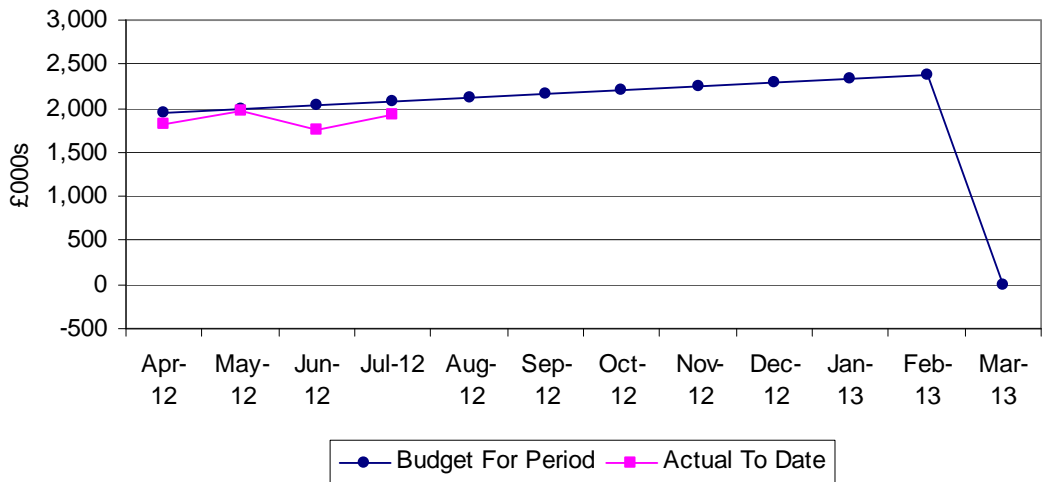
Culmulative Monthly 2012/13 - Director of R+D



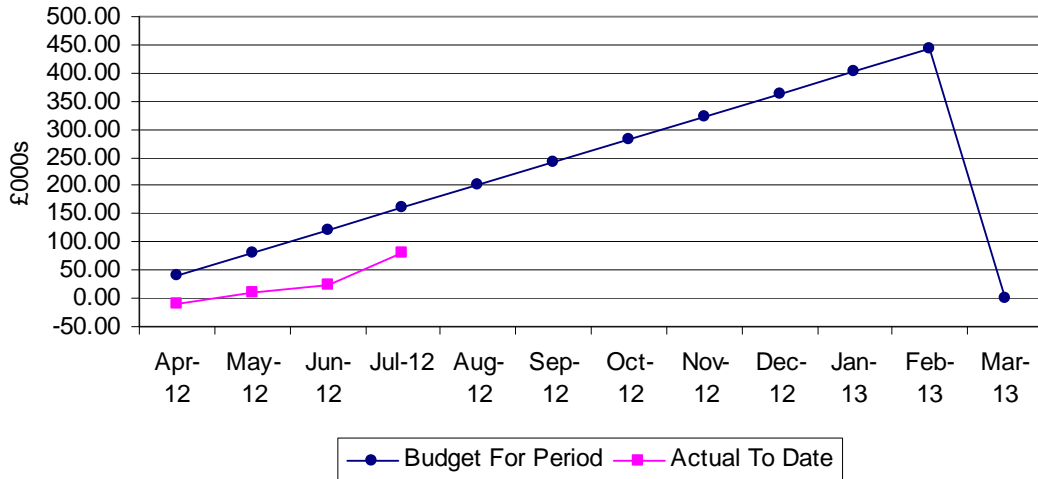
Culmulative Monthly 2012/13 - Finance



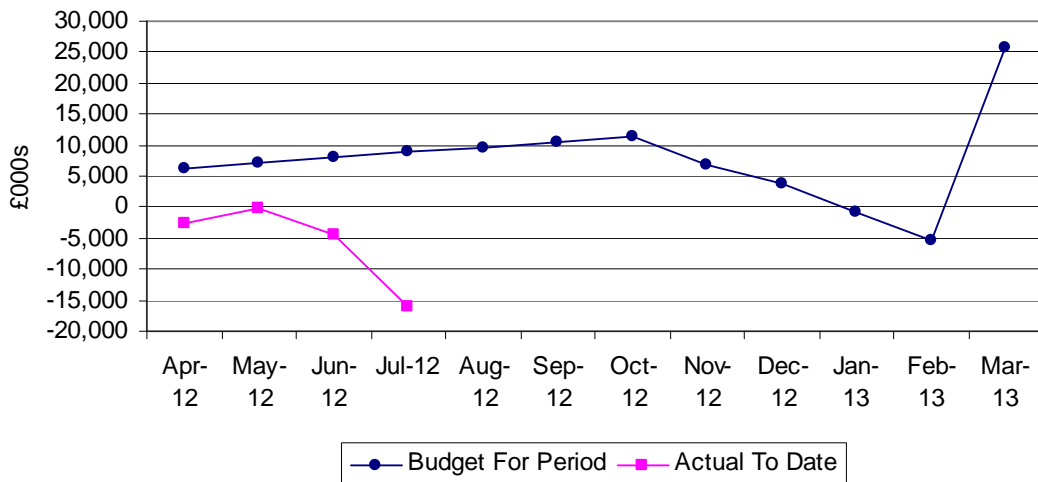
Culmulative Monthly 2012/13 - HR & Learning



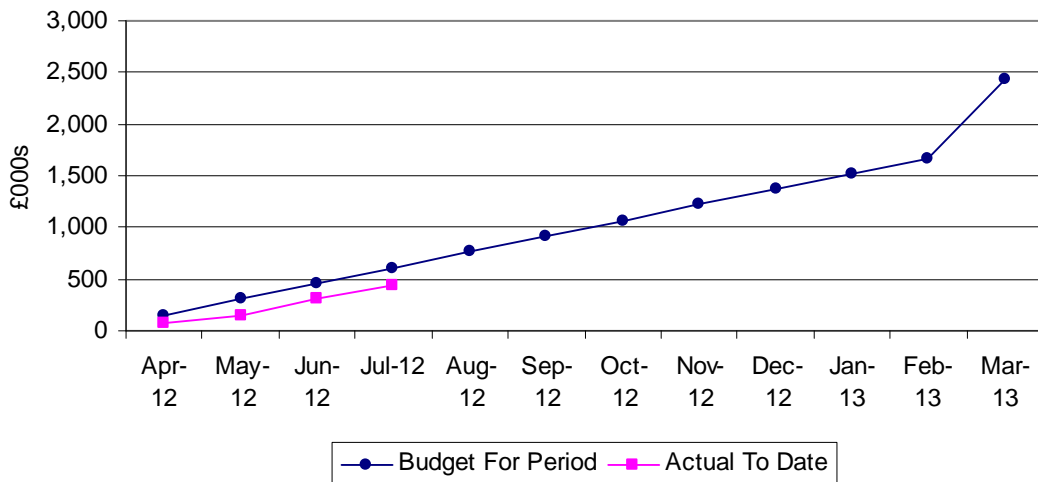
Culmulative Monthly 2012/13 - Legal Services



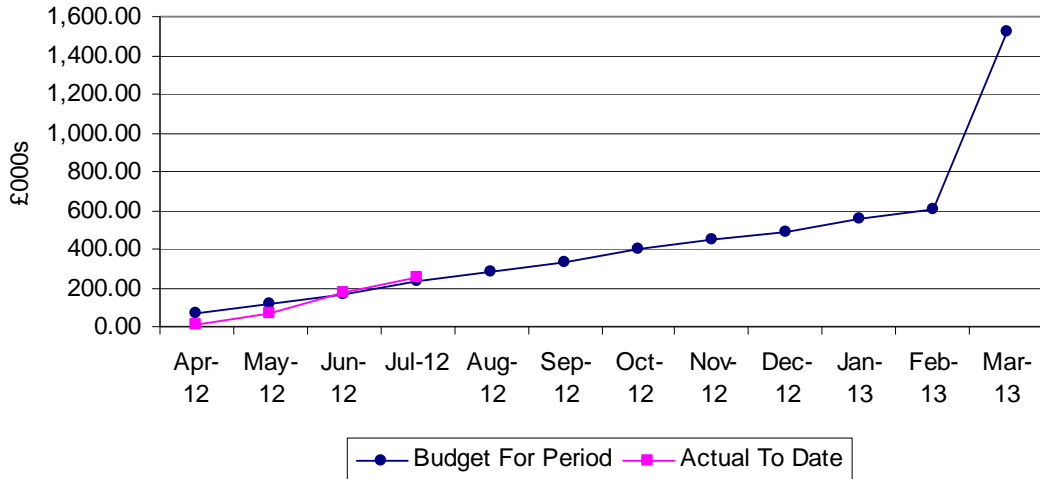
Culmulative Monthly 2012/13 - Neighbourhood Housing



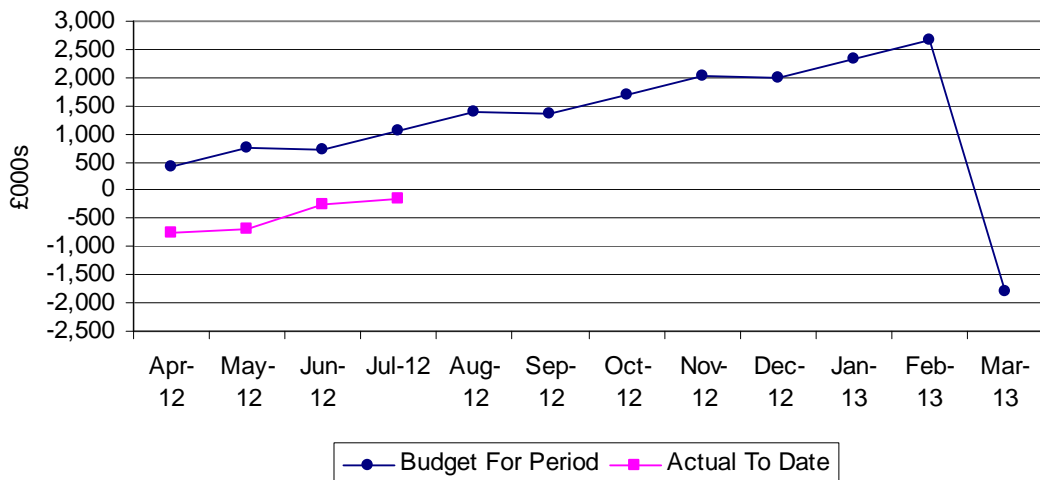
Culmulative Monthly 2012/13 - Neighbourhood Services



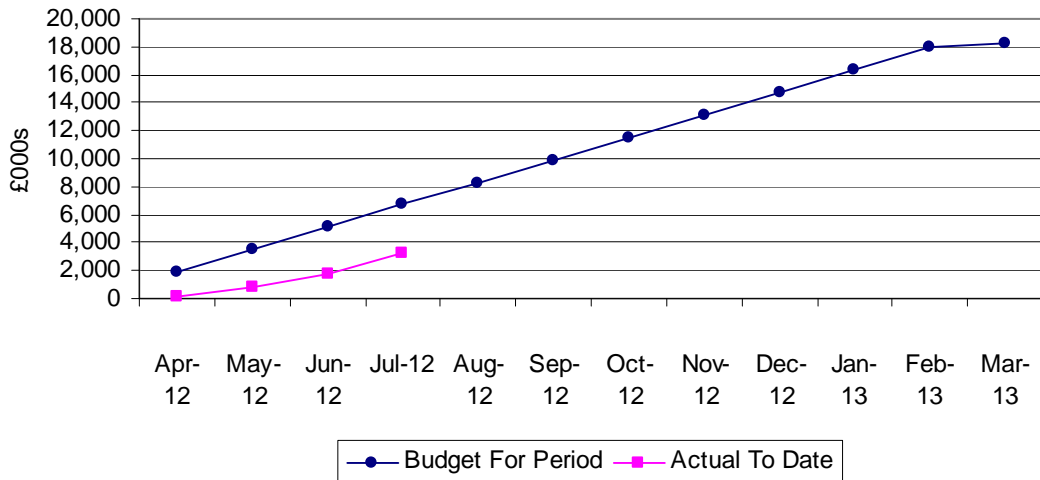
Culmulative Monthly 2012/13 - Planning



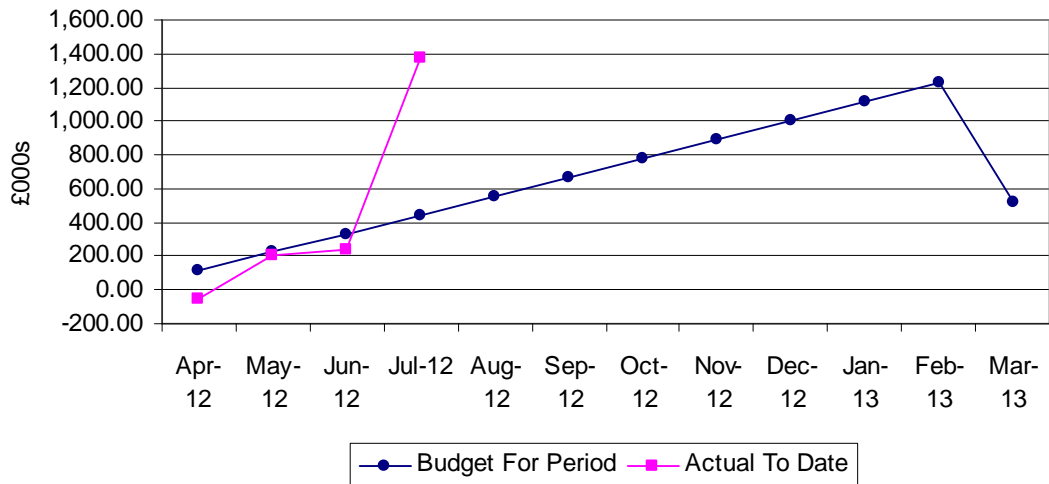
Culmulative Monthly 2012/13 - Procurement & Systems



Culmulative Monthly 2012/13 - Property Services



Culmulative Monthly 2012/13 - Strategy & Programmes



Culmulative Monthly 2012/13 Norwich City Council (Revenue)

