

Report to Cabinet

Item

Report of Chief finance officer

5

Subject Revenue Budget Monitoring 2012/13

Purpose

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

Recommendation

To note the financial position as at 31 May 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

01223 699292
01603 212561

Background documents

Budget Monitoring Reports

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	21,570

4. The General Fund reports show a financial position for the year to date of an underspend of £5.113m.
5. This is partly due to credits brought forward from 2011/12 to pay invoices relating to last year, and partly to anomalies in budget profiles. The effects of these factors will be reduced in future reports.
6. The forecast outturn reported equals the approved budget, since there is little information available to date on which to base projections. Future reports will include forecasts based on actual expenditure and income, and managers' knowledge of other budgetary pressures.
7. The General Fund shown in Appendix 1 reflects the new senior management structure agreed by Cabinet on 13 June 2012.

Housing Revenue Account

8. 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

9. The Housing Revenue Account reports show a financial position for the year to date of an overspend of £6.456m.
10. This is partly due to credits brought forward from 2011/12 to pay invoices relating to last year, and partly to anomalies in budget profiles, in particular relating to payment of the full year's water rates. The effects of these factors will be reduced in future reports.
11. The forecast outturn reported equals the approved budget, since there is little information available to date on which to base projections. Future reports will include forecasts based on actual expenditure and income, and managers' knowledge of other budgetary pressures.

Risks

12. 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. These will be mitigated through provisions 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. Forecast outturns, to be included in future reports, will be 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.
 - 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 overspend and 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 2013/14.
16. These are reflected in periodic updates to the Medium Term Financial Strategy and Housing Revenue Account Business Plan.

Impact on Balances

17. 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	(4,923)
Impact of provisional 2011/12 outturn	(1,621)
= Estimated balance at 1 April 2012	(6,544)
Budgeted use of balances 2012/13	300
Provisional outturn 2012/13	0
= Forecast balance at 31 March 2013	(6,244)

18. Although the forecast balance shown above is less than the prudent minimum by £0.297m, the budget includes an £0.808m contingency item which exceeds this shortfall.

19. Preparation of a robust forecast outturn for the next report is expected to restore the forecast balances to a level exceeding the prudent minimum.
20. 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	(1,966)
= Estimated balance at 1 April 2012	(16,547)
Budgeted contribution to balances 2012/13	(958)
Provisional outturn 2012/13	0
= Forecast balance at 31 March 2013	(17,505)

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, 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: 02 (May)

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	0	Business Relationship Management	21,958	19,873	(2,085)	0	0
(19,440,102)	(19,440,102)	Finance	(2,912,186)	(6,989,122)	(4,076,936)	(19,440,102)	0
103	103	Procurement & Service Improvement	1,073,004	(681,053)	(1,754,057)	103	0
(19,439,999)	(19,439,999)	Total Business Relationship	(1,817,224)	(7,650,301)	(5,833,077)	(19,439,999)	0
Chief Executive							
(486,495)	(486,495)	Chief Executive	(301,834)	(547,873)	(246,039)	(486,495)	0
754	754	Law & Governance	80,648	11,672	(68,976)	754	0
(485,741)	(485,741)	Total Chief Executive	(221,186)	(536,201)	(315,015)	(485,741)	0
Customers, Comms & Culture							
2,605,935	2,605,935	Communications & Culture	413,042	581,668	168,626	2,605,935	0
(164,079)	(164,079)	Customer Contact	428,202	307,525	(120,677)	(164,079)	0
2,441,856	2,441,856	Total Customers, Comms & Culture	841,244	889,193	47,949	2,441,856	0
Operations							
748,174	748,174	City Development	(9,949)	(489,690)	(479,741)	748,174	0
9,381,074	9,381,074	Citywide Services	1,209,211	1,259,563	50,352	9,381,074	0
10	10	Deputy Chief Executive	23,068	20,922	(2,146)	10	0
2,681,479	2,681,479	Neighbourhood Housing	193,084	301,286	108,202	2,681,479	0
2,431,779	2,431,779	Neighbourhood Services	304,738	149,605	(155,133)	2,431,779	0
1,519,178	1,519,178	Planning	117,552	70,348	(47,204)	1,519,178	0
266,695	266,695	Property Services	340,798	298,570	(42,228)	266,695	0
17,028,389	17,028,389	Total Operations	2,178,502	1,610,605	(567,897)	17,028,389	0
Strategy, People & Democracy							
338,434	338,434	Democratic Services	163,326	104,725	(58,601)	338,434	0
30	30	Human Resources	361,318	1,949,787	1,588,469	30	0
(84)	(84)	Learning & Development	44,016	20,822	(23,194)	(84)	0
117,115	117,115	Strategy & Programme Management	49,414	98,211	48,797	117,115	0
455,495	455,495	Total Strategy, People & Democracy	618,074	2,173,544	1,555,470	455,495	0
0	0	Total General Fund	1,599,410	(3,513,161)	(5,112,571)	0	0

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	20,015,830	Employees	3,309,499	4,386,076	1,076,577	20,015,830	0
7,567,299	7,567,299	Premises	2,093,095	1,453,681	(639,414)	7,567,299	0
301,681	301,681	Transport	49,470	(20,300)	(69,770)	301,681	0
19,186,146	19,186,146	Supplies & Services	3,883,019	1,353,852	(2,529,167)	19,186,146	0
563,603	563,603	Third Party Payments	42,152	(1,089)	(43,241)	563,603	0
67,218,863	67,218,863	Transfer Payments	11,203,144	8,168,507	(3,034,637)	67,218,863	0
3,695,466	3,695,466	Capital Financing	696,863	435,127	(261,736)	3,695,466	0
67,084	67,084	Savings Proposals	0	0	0	67,084	0
(21,515,795)	(21,515,795)	Receipts	(3,933,185)	(3,323,208)	609,977	(21,515,795)	0
(92,379,992)	(92,379,992)	Government Grants	(15,396,666)	(15,990,040)	(593,374)	(92,379,992)	0
1,505,332	1,505,332	Centrally Managed	250,904	(75,667)	(326,571)	1,505,332	0
21,604,340	21,604,340	Recharge Expenditure	472,870	99,900	(372,970)	21,604,340	0
(27,829,857)	(27,829,857)	Recharge Income	(1,071,755)	0	1,071,755	(27,829,857)	0
0	0	Total General Fund	1,599,410	(3,513,161)	(5,112,571)	0	0

Budget Monitoring Report

Year: 2012/13

Period: 02 (May)

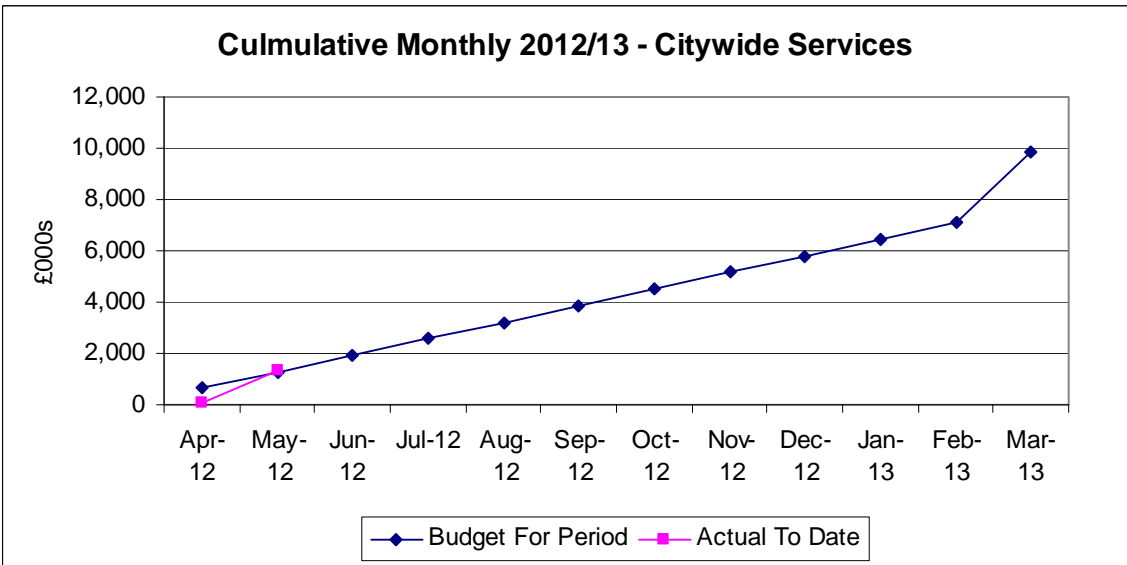
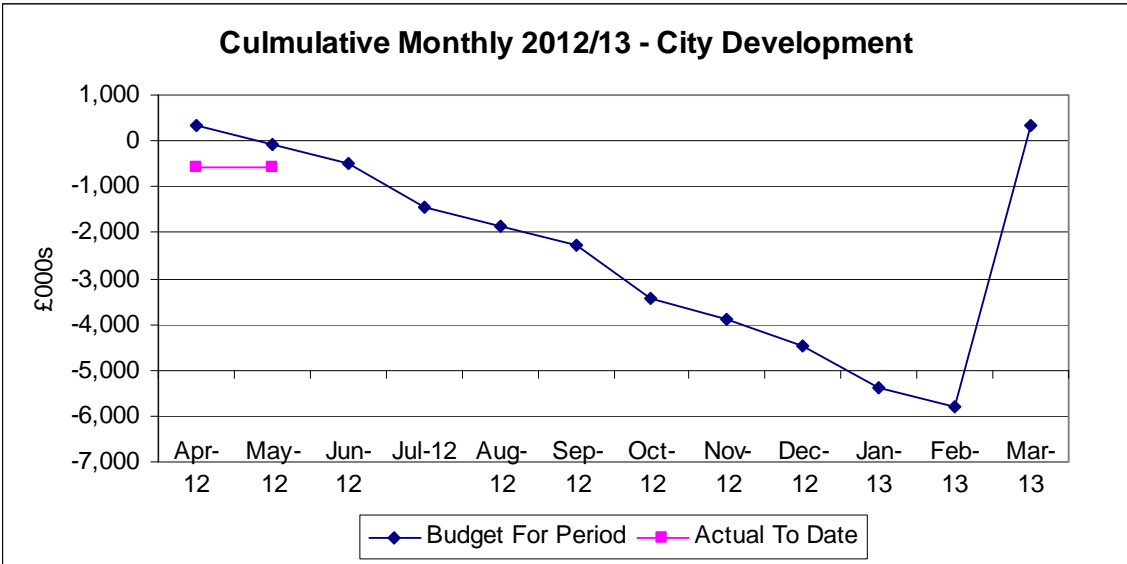
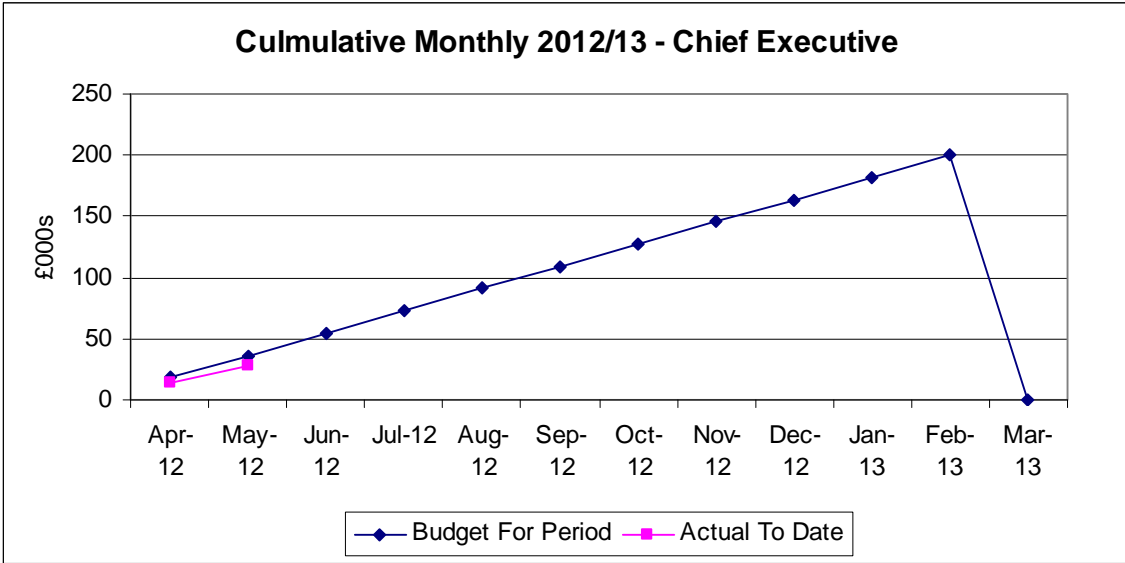
HOUSING REVENUE ACCOUNT STATUTORY SUMMARY

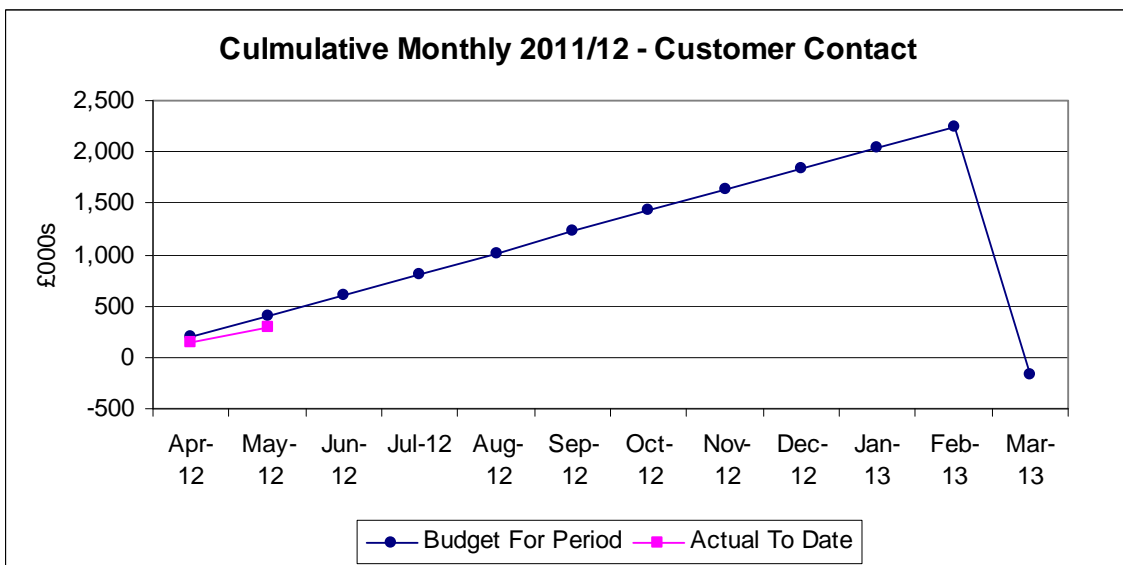
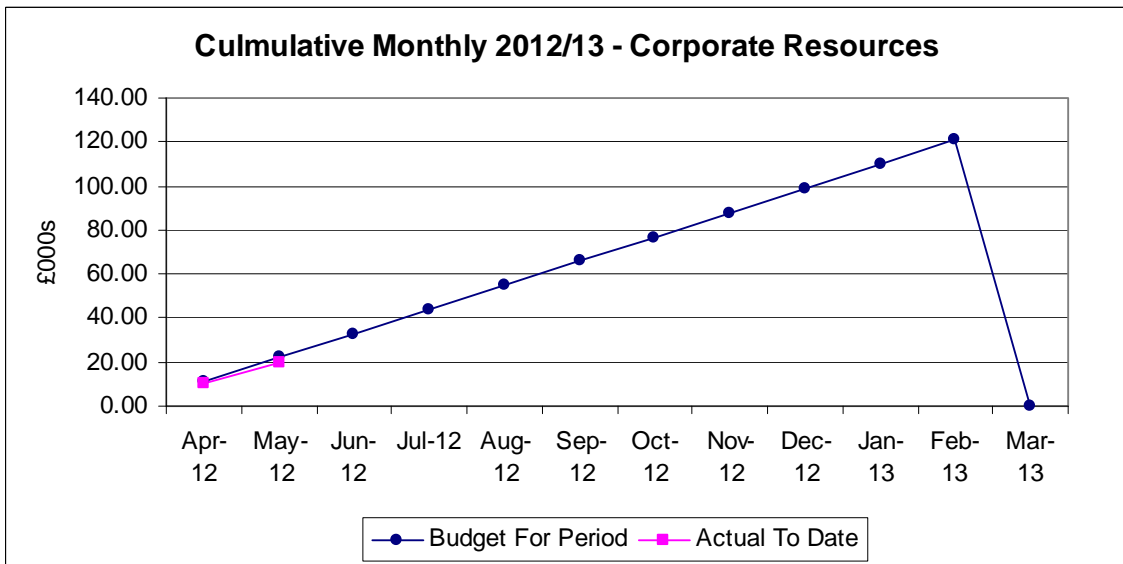
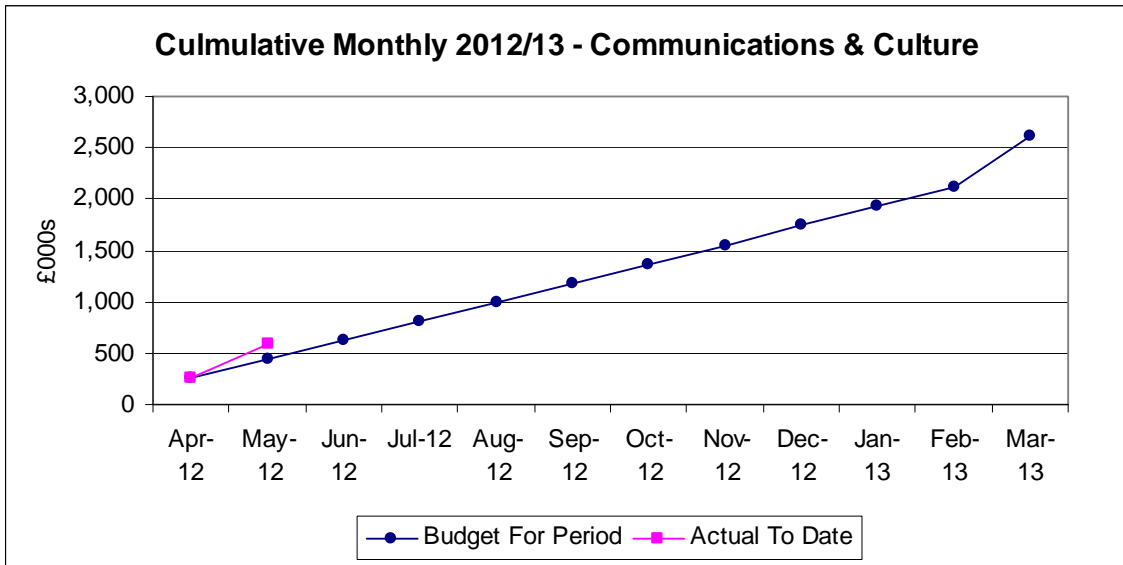
<i>Approved Budget</i>	<i>Current Budget</i>		<i>Budget To Date</i>	<i>Actual To Date</i>	<i>Variance To Date</i>	<i>Forecast Outturn</i>	<i>Forecast Variance</i>
15,560,639	15,560,639	Repairs & Maintenance	2,592,606	246,281	(2,346,325)	15,560,639	0
6,144,214	6,144,214	Rents, Rates, & Other Property Costs	1,218,732	6,008,176	4,789,444	6,144,214	0
10,753,613	10,753,613	General Management	1,239,984	649,605	(590,379)	10,753,613	0
5,696,238	5,696,238	Special Services	854,382	230,073	(624,309)	5,696,238	0
27,215,640	27,215,640	Depreciation & Impairment	0	0	0	27,215,640	0
215,000	215,000	Provision for Bad Debts	53,750	0	(53,750)	215,000	0
(55,298,270)	(55,298,270)	Dwelling Rents	(9,953,696)	(5,612,976)	4,340,720	(55,298,270)	0
(2,383,135)	(2,383,135)	Garage & Other Property Rents	(521,349)	(375,006)	146,343	(2,383,135)	0
20	20	Housing Subsidy	0	0	0	20	0
(9,785,488)	(9,785,488)	Service Charges - General	(1,746,625)	(932,941)	813,684	(9,785,488)	0
10	10	Miscellaneous Income	0	(2,974)	(2,974)	10	0
2,766,239	2,766,239	Adjustments & Financing Items	0	(12,491)	(12,491)	2,766,239	0
(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	(6,262,216)	197,748	6,459,964	0	0

HOUSING REVENUE ACCOUNT SUBJECTIVE SUMMARY

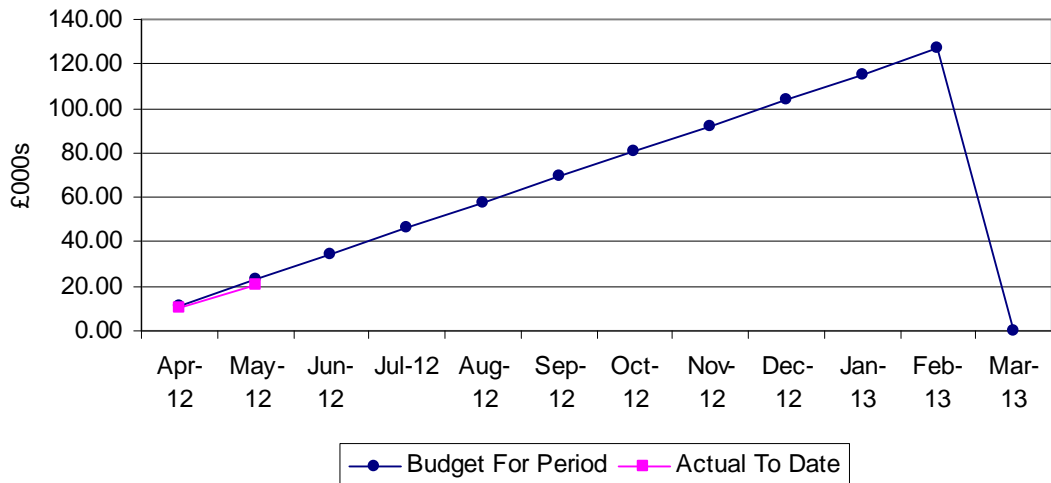
<i>Approved Budget</i>	<i>Current Budget</i>		<i>Budget To Date</i>	<i>Actual To Date</i>	<i>Variance To Date</i>	<i>Forecast Outturn</i>	<i>Forecast Variance</i>
7,546,466	7,546,466	Employees	1,193,688	1,045,545	(148,143)	7,546,466	0
24,436,463	24,436,463	Premises	4,324,966	6,194,324	1,869,358	24,436,463	0
169,460	169,460	Transport	28,260	(11,103)	(39,363)	169,460	0
3,894,458	3,894,458	Supplies & Services	418,960	37,017	(381,943)	3,894,458	0
259,000	259,000	Third Party Payments	4,050	1,868	(2,182)	259,000	0
4,768,776	4,768,776	Recharge Expenditure	214,176	0	(214,176)	4,768,776	0
28,686,629	28,686,629	Capital Financing	0	0	0	28,686,629	0
(68,726,073)	(68,726,073)	Receipts	(12,398,226)	(6,995,577)	5,402,649	(68,726,073)	0
(239,476)	(239,476)	Government Grants	(39,912)	(74,326)	(34,414)	(239,476)	0
(2,122,703)	(2,122,703)	Recharge Income	(8,178)	0	8,178	(2,122,703)	0
1,327,000	1,327,000	Rev Contribs to Capital	0	0	0	1,327,000	0
0	0	Total Housing Revenue Account	(6,262,216)	197,748	6,459,964	0	0

Budget & Expenditure – Monthly by Service

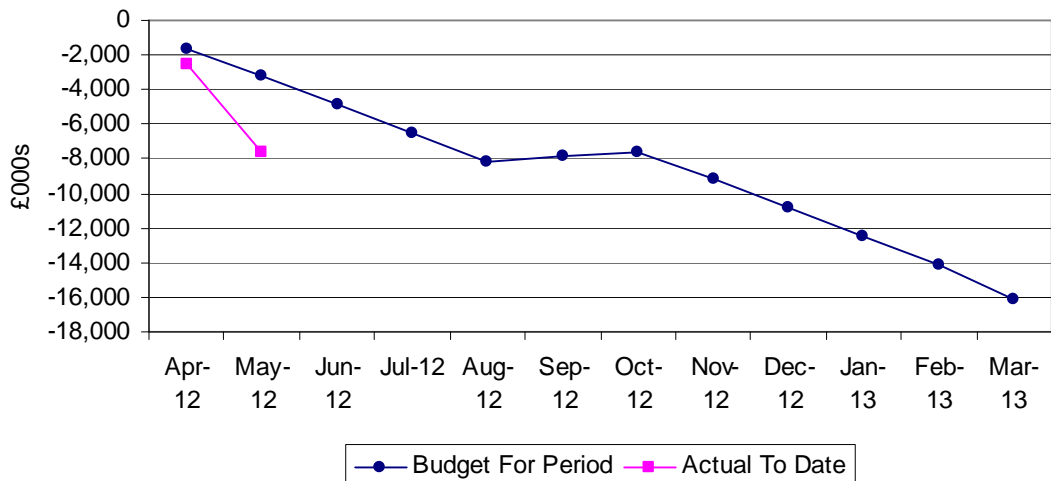




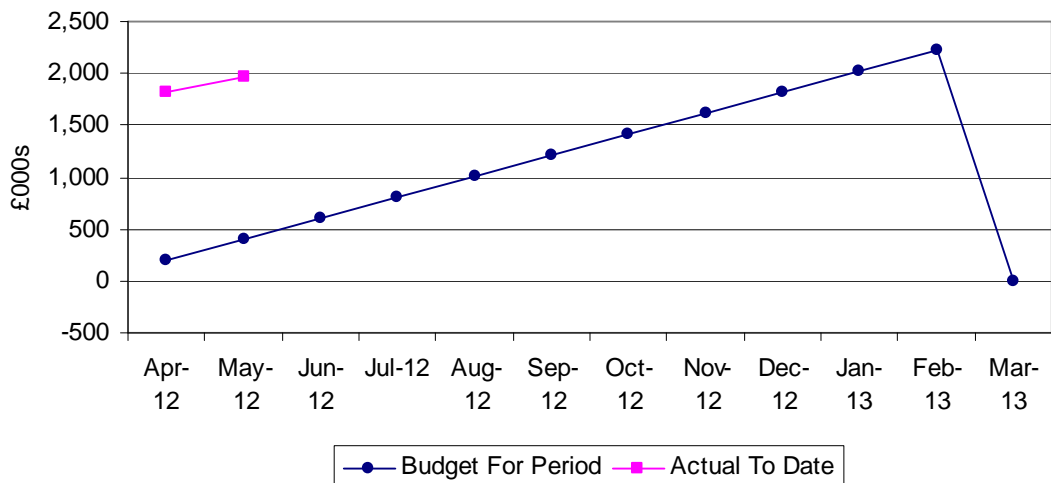
Culmulative Monthly 2011/12 - Director of R+D

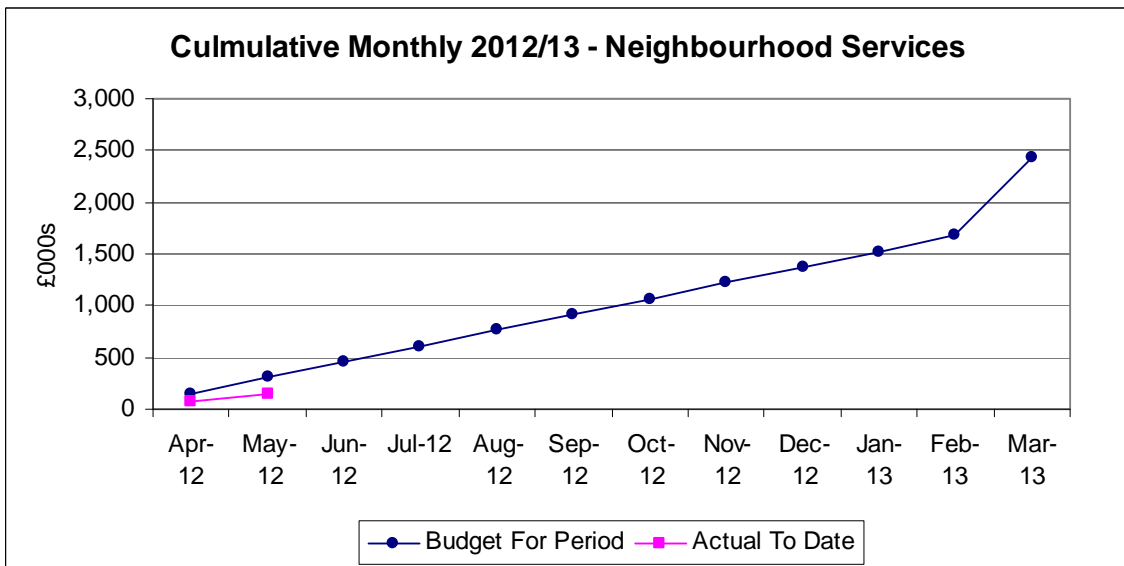
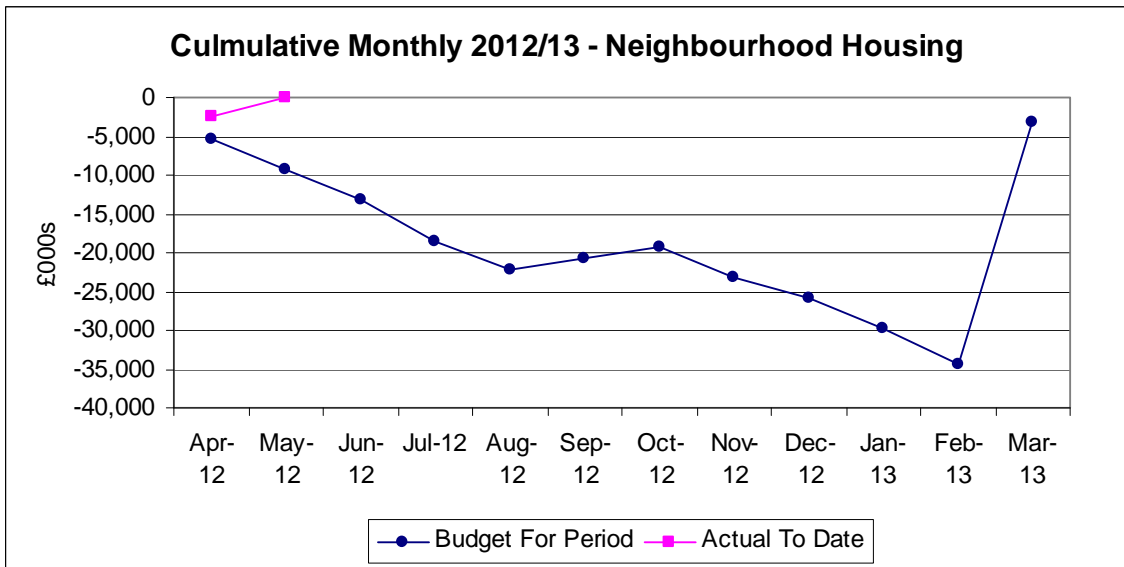
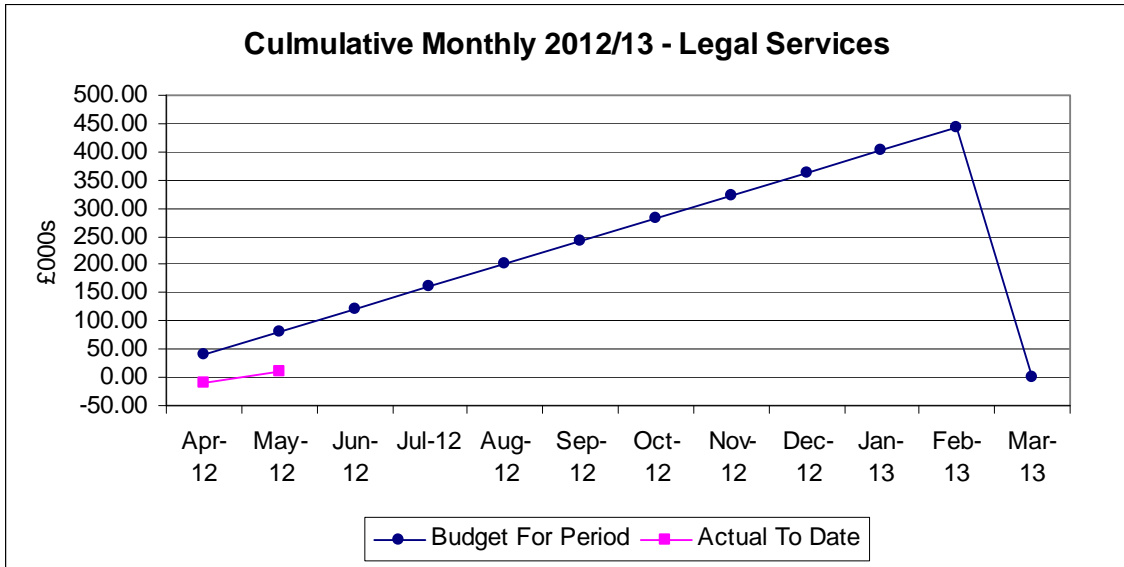


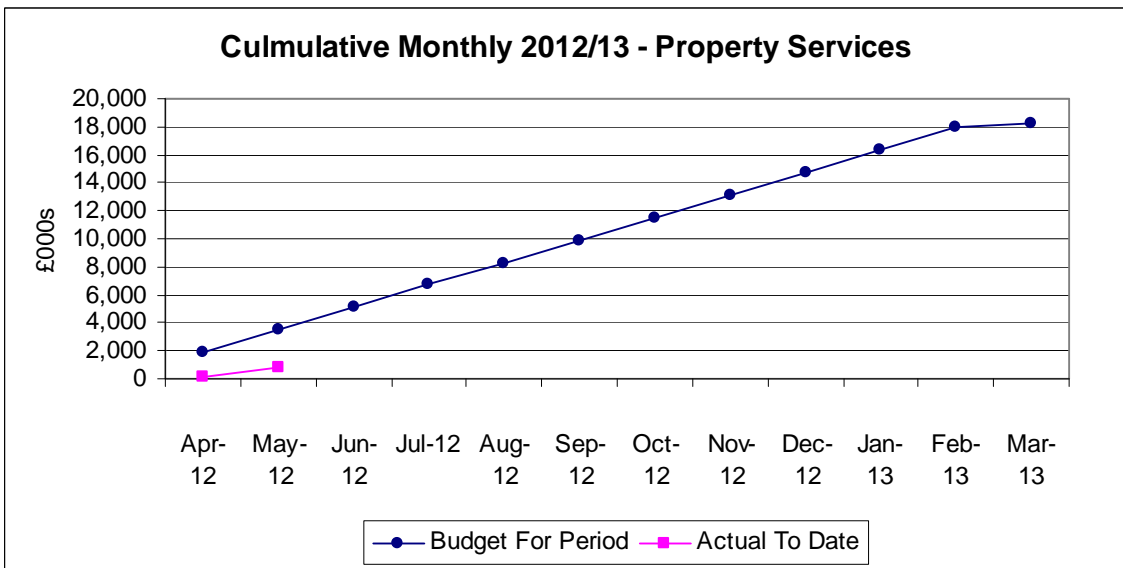
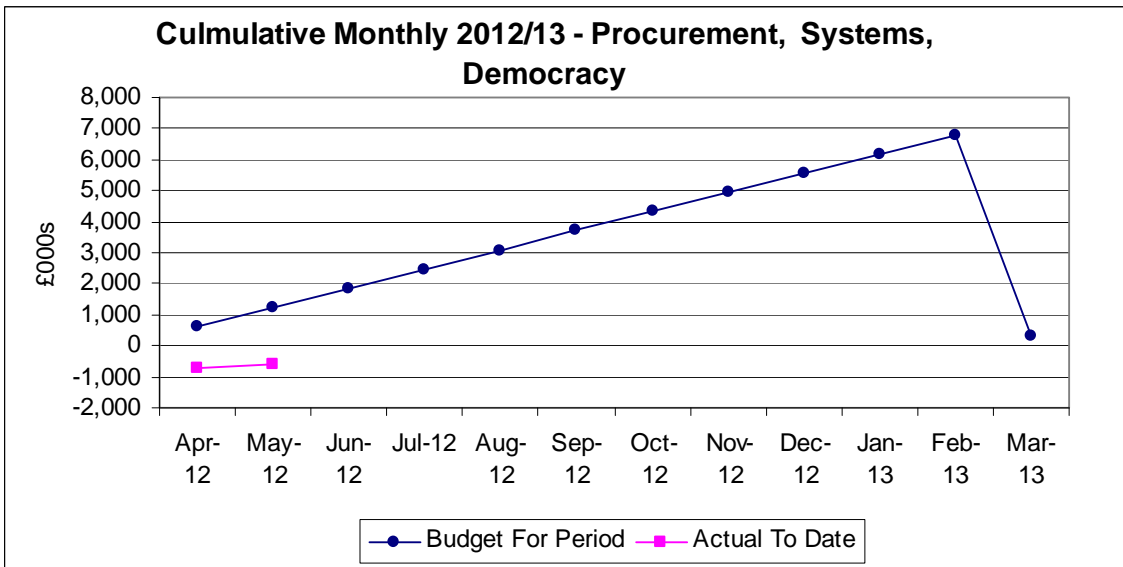
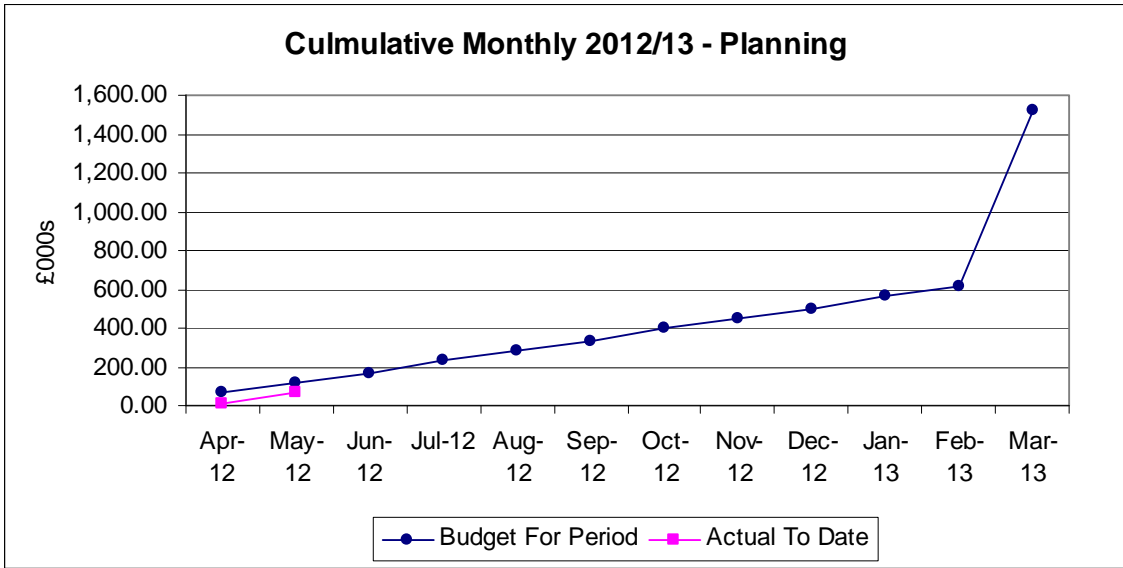
Culmulative Monthly 2012/13 - Finance



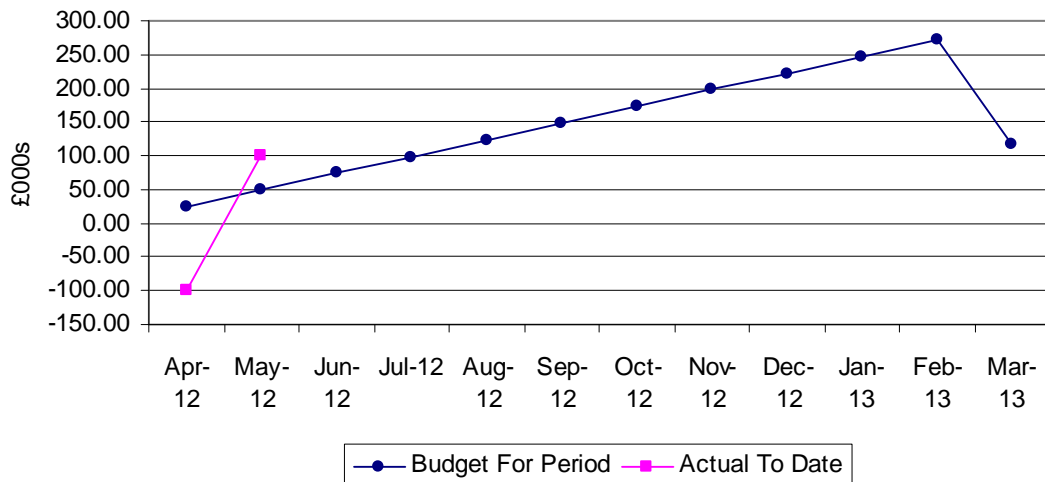
Culmulative Monthly 2012/13 - HR & Learning







Culmulative Monthly 2012/13 - Strategy & Programmes



Culmulative Monthly 2012/13 Norwich City Council (Revenue)

