

Report to Cabinet 12 June 2013

Item

Report of Chief finance officer

11

Subject Budget Monitoring Report P12 (Outturn)

Purpose

To advise Cabinet of the draft revenue outturn for the year 2012/13.

Recommendations

To note the draft revenue outturn for the year 2012/13, in summary that:

- 1) The General Fund draft outturn is an underspend for the year of £1.764m
- 2) The Housing Revenue Account draft outturn is an underspend for the year of £9.526m
- 3) On this basis, General Fund and Housing Revenue Account balances will remain in excess of the respective Prudent Minimum Balances

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

Report

1. Council approved budgets for the 2012/13 financial year on 21 February 2012.
2. The attached appendices show the draft outturn positions for the General Fund and the Housing Revenue Account:
 - (1) Appendix 1 shows the General Fund by Corporate Leadership Team responsibilities, and by Subjective Group
 - (2) Appendix 2 shows the Housing Revenue Account in (near) statutory format, and by Subjective Group
 - (3) Appendix 3 shows draft revenue outturn by service in graphical format.
3. This report presents the draft revenue outturn, and is the final set of management accounts for the financial year. The statutory financial accounts currently being prepared will differ from these management accounts, since they will contain many accounting adjustments (for example, the impact of pension fund assets and liabilities) which do not impact on the demand on council tax and council rents or count as services' spend for reporting purposes. Some accounting adjustments (such as depreciation) which do count as services' spend are included within the draft revenue outturn, but are "reversed out" by opposite entries so that they do not impact on the bottom line.

General Fund

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

<i>Item</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

5. The General Fund shows a draft revenue outturn of an underspend of £1.764m.
6. Significant variances from budget are detailed in the following table.

<i>Service</i>	<i>Forecast Variance £000s</i>	<i>Commentary</i>
Finance	(2,675)	£512k Revs & Benefits largely due to unrecoverable overpayments (£2,456) savings on interest payments and interest earned (£1,369) <i>depreciation costs reversed</i> £560k Revs & Benefits admin costs including £328k internal recharges
Chief Exec & Corporate	(638)	Underspend on unused contingency
Communications & Culture	491	£116k <i>Hall depreciation (reversed)</i> £261k <i>Riverside depreciation (rev'd)</i>
City Development	(563)	(£200k) Car Parks income (£430k) <i>DFG income (reversed out)</i>
Citywide Services	1,782	£76k Cemeteries repairs not capitalised £1,22k Post-TUPE pension costs £470k <i>Markets depreciation (reversed)</i>
Neighbourhood Housing	(279)	(£205k) <i>GF Props depreciation (rev'd)</i>

Note: italicised items flagged as “reversed” are accounting adjustments such as depreciation, which are required to be included in services’ outturns but which are cancelled out by opposite entries (within Finance) so that they do not impact on the bottom line.

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>Item</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 draft revenue outturn of an underspend of £9.526m.
9. Significant variances against budget are detailed in the following table.

<i>Service</i>	<i>Forecast Variance £000s</i>	<i>Commentary</i>
Repairs & maintenance	(4,547)	Delayed start to painting programme, contractor price savings
Other property costs	322	£229k Water Rates in excess of budget
General management	(1,864)	(£816k) Contingency not used (£300k) Property Services underspend (£184k) Corporate services savings (£109k) Property services recharges (£200k) Salaries underspends
Special services	(345)	(£145k) District Heating fuel savings (£386k) Sheltered Housing underspend £295k Post-TUPE pension costs
Depreciation & impairment	(5,145)	(£4,906k) Reduced debt charges £1,822k Depreciation charges <i>(£2,035k) RTB proceeds (reversed)</i>
Dwelling rents	(540)	Reduced voids and re-letting at formula rents.
Service charges	371	£488k Shortfall in leaseholder charges (unbudgeted RCCO & low cap spend)
Adjustments & financing	2,086	<i>£2,035k RTB proceeds (reversal)</i>

Note: italicised items flagged as “reversed” are accounting adjustments such as depreciation, which are required to be included in services’ outturns but which are cancelled out by opposite entries (within Finance) so that they do not impact on the bottom line.

Financial Planning

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

Impact on Balances

12. The prudent minimum level of General Fund reserves for 2012/13 was assessed as £4.517m. The expected General Fund year-end balance, incorporating the draft revenue outturn, is as follows:

<i>Item</i>	<i>£000s</i>
Balance at 1 April 2012	(3,803)
Budgeted use of balances 2012/13	300
Provisional outturn 2012/13	(1,764)
= Forecast balance at 31 March 2013	(5,267)

13. The prudent minimum level of General Fund reserves for 2013/14 was assessed as £4.352m. The General Fund balance is therefore expected to continue to exceed the prudent minimum.
14. The prudent minimum level of HRA reserves for 2012/13 was assessed as £2.927m. The expected Housing Revenue Account year-end balance, incorporating the draft revenue outturn, is as follows:
- 15.

<i>Item</i>	<i>£000s</i>
Balance at 1 April 2012	(14,725)
Budgeted contribution to balances 2012/13	(958)
Provisional outturn 2012/13	(9,526)
= Forecast balance at 31 March 2013	(25,209)

16. The prudent minimum level of Housing Revenue Account reserves for 2013/14 was assessed as £4.352m. The HRA balance is therefore expected to continue to exceed the prudent minimum.

Integrated impact assessment



NORWICH
City Council

Report author to complete

Committee:	Cabinet
Committee date:	12 June 2013
Head of service:	Chief Finance Officer
Report subject:	Draft Revenue Outturn 2012/13
Date assessed:	22 May 2013
Description:	This is the integrated impact assessment for the Draft Revenue Outturn 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Recommendations from impact assessment
Positive
None
Negative
None
Neutral
None
Issues
None

Budget Monitoring Summary

Year: 2012/13

Period: 12 (March)

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	1	Business Relationship Management	1	40	39	195	194
(19,440,102)	(19,411,578)	Finance	(19,411,578)	(15,567,287)	3,844,291	(22,086,814)	(2,675,236)
103	762,331	Procurement & Service Improvement	762,331	(11,353)	(773,684)	575,615	(186,716)
(19,439,999)	(18,649,246)	Total Business Relationship	(18,649,246)	(15,578,599)	3,070,647	(21,511,004)	(2,861,758)
Chief Executive							
(486,495)	330,822	Chief Executive	330,822	1,828,598	1,497,776	(307,215)	(638,037)
754	(1)	Law & Governance	(1)	(19,451)	(19,450)	(19,445)	(19,444)
(485,741)	330,821	Total Chief Executive	330,821	1,809,146	1,478,325	(326,661)	(657,482)
Customers, Comms & Culture							
2,605,935	2,595,110	Communications & Culture	2,595,110	2,304,815	(290,295)	3,086,172	491,062
(164,079)	(46,031)	Customer Contact	(46,031)	(34,553)	11,478	53,303	99,334
2,441,856	2,549,079	Total Customers, Comms & Culture	2,549,079	2,270,262	(278,817)	3,139,475	590,396
Operations							
748,174	(291,692)	City Development	(291,692)	(3,622,537)	(3,330,845)	(854,996)	(563,304)
9,381,074	9,359,171	Citywide Services	9,359,171	8,422,559	(936,612)	11,140,960	1,781,789
10	1	Deputy Chief Executive	1	6,540	6,539	6,560	6,559
2,681,479	2,290,630	Neighbourhood Housing	2,290,630	1,849,960	(440,670)	2,011,379	(279,251)
2,431,779	2,342,163	Neighbourhood Services	2,342,163	2,251,454	(90,709)	2,232,082	(110,082)
1,519,178	1,360,699	Planning	1,360,699	1,486,148	125,449	1,489,400	128,701
266,695	229,678	Property Services	229,678	401,279	171,601	453,470	223,792
17,028,389	15,290,650	Total Operations	15,290,650	10,795,402	(4,495,248)	16,478,855	1,188,205
Strategy, People & Democracy							
338,434	359,684	Democratic Services	359,684	296,661	(63,023)	296,941	(62,743)
(54)	1	Human Resources	1	284	283	664	663
117,115	119,011	Strategy & Programme Management	119,011	197,519	78,508	157,462	38,451
455,495	478,696	Total Strategy, People & Democracy	478,696	494,464	15,768	455,066	(23,630)
0	0	Total General Fund	0	(209,325)	(209,325)	(1,764,268)	(1,764,268)

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	17,108,966	Employees	17,108,966	18,262,279	1,153,313	18,230,212	1,121,246
7,567,299	8,018,074	Premises	8,018,074	8,369,408	351,334	9,349,793	1,331,719
301,681	280,755	Transport	280,755	275,252	(5,503)	274,432	(6,323)
19,186,146	14,521,612	Supplies & Services	14,521,612	13,096,431	(1,425,181)	12,201,360	(2,320,252)
563,603	7,124,938	Third Party Payments	7,124,938	7,040,721	(84,217)	7,040,721	(84,217)
67,218,863	74,547,490	Transfer Payments	74,547,490	56,346,869	(18,200,621)	70,896,017	(3,651,473)
3,695,466	4,457,797	Capital Financing	4,457,797	10,999,316	6,541,519	1,779,107	(2,678,690)
0	0	Rev Contris to Capital	0	1,347	1,347	1,347	1,347
67,084	0	Savings Proposals	0	0	0	0	0
(21,515,795)	(21,759,733)	Receipts	(21,759,733)	(21,484,602)	275,131	(21,839,870)	(80,137)
(92,379,992)	(100,058,065)	Government Grants	(100,058,065)	(90,622,267)	9,435,798	(95,961,552)	4,096,513
1,505,332	1,505,332	Centrally Managed	1,505,332	1,740,546	235,214	1,808,535	303,203
21,604,340	18,113,189	Recharge Expenditure	18,113,189	13,549,603	(4,563,586)	17,296,381	(816,808)
(27,829,857)	(23,860,355)	Recharge Income	(23,860,355)	(17,784,227)	6,076,128	(22,840,752)	1,019,603
0	0	Total General Fund	0	(209,325)	(209,325)	(1,764,268)	(1,764,268)

Budget Monitoring Report

Year: 2012/13

Period: 12 (March)

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	15,555,599	Repairs & Maintenance	15,555,599	8,354,583	(7,201,016)	11,008,238	(4,547,361)
6,144,214	6,143,814	Rents, Rates, & Other Property Costs	6,143,814	6,456,355	312,541	6,465,464	321,650
10,753,613	11,143,196	General Management	11,143,196	10,502,857	(640,339)	9,278,917	(1,864,279)
5,696,238	5,681,765	Special Services	5,681,765	4,684,643	(997,122)	5,337,253	(344,512)
27,215,640	26,882,390	Depreciation & Impairment	26,882,390	(2,053,265)	(28,935,655)	21,737,176	(5,145,214)
215,000	215,000	Provision for Bad Debts	215,000	13,861	(201,139)	228,861	13,861
(55,298,270)	(55,298,310)	Dwelling Rents	(55,298,310)	(55,838,481)	(540,171)	(55,838,481)	(540,171)
(2,383,135)	(2,384,925)	Garage & Other Property Rents	(2,384,925)	(2,329,167)	55,758	(2,312,248)	72,677
20	0	Housing Subsidy	0	8,121	8,121	8,121	8,121
(9,785,488)	(9,801,518)	Service Charges - General	(9,801,518)	(9,429,781)	371,737	(9,429,781)	371,737
10	0	Miscellaneous Income	0	(41,154)	(41,154)	(41,154)	(41,154)
2,766,239	2,747,709	Adjustments & Financing Items	2,747,709	2,595,187	(152,522)	4,833,489	2,085,780
(734,720)	(734,720)	Amenities shared by whole community	(734,720)	0	734,720	(652,220)	82,500
(150,000)	(150,000)	Interest Received	(150,000)	0	150,000	(150,000)	0
0	0	Total Housing Revenue Account	0	(37,076,243)	(37,076,243)	(9,526,365)	(9,526,365)

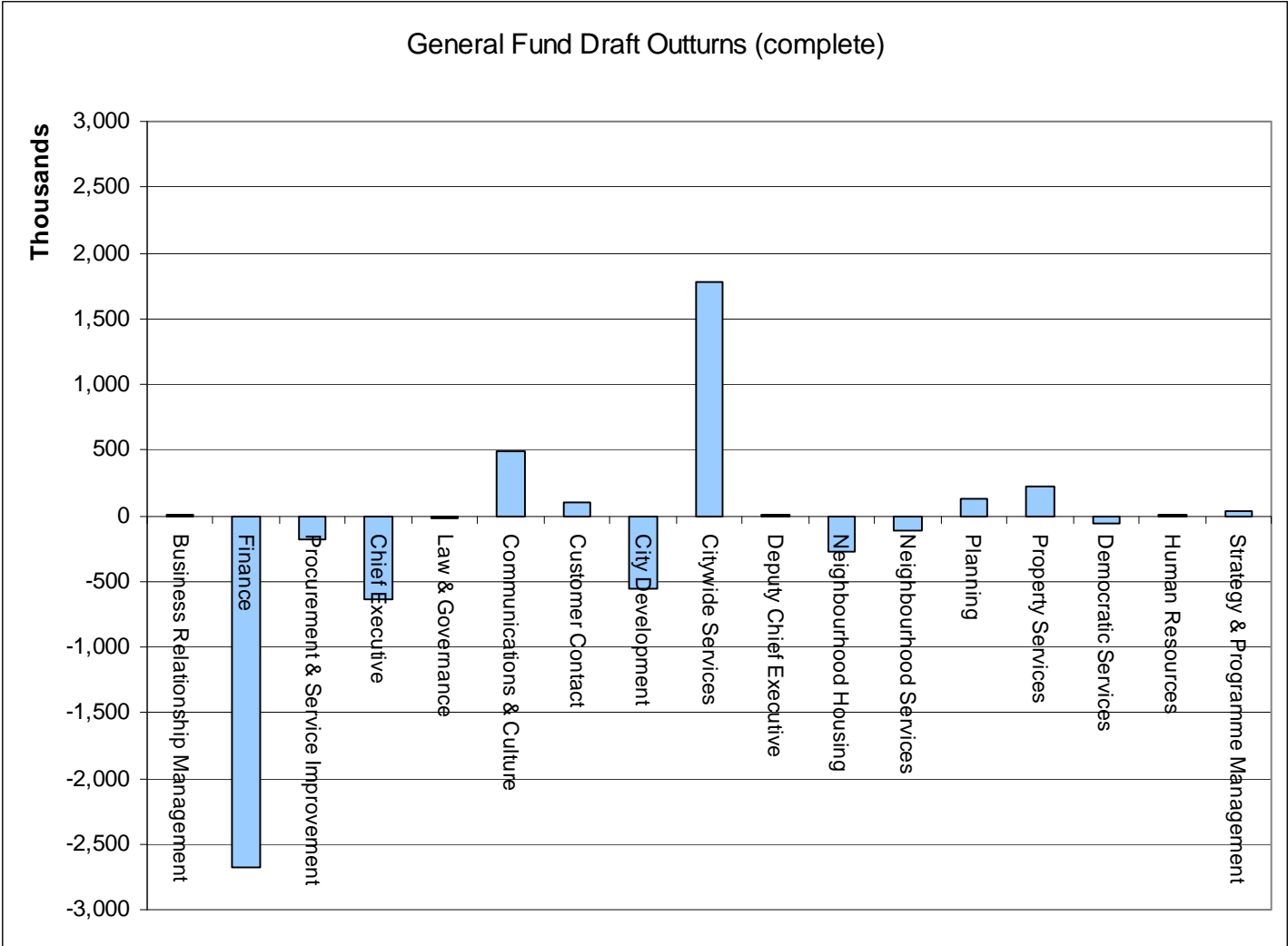
HOUSING REVENUE ACCOUNT SUBJECTIVE SUMMARY

<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	7,517,509	Employees	7,517,509	8,244,362	726,853	8,244,248	726,739
24,436,463	24,436,463	Premises	24,436,463	17,769,377	(6,667,086)	21,000,625	(3,435,838)
169,460	168,782	Transport	168,782	193,669	24,887	194,884	26,102
3,894,458	3,808,363	Supplies & Services	3,808,363	2,215,465	(1,592,898)	2,540,097	(1,268,266)
259,000	355,096	Third Party Payments	355,096	103,369	(251,727)	340,869	(14,227)
4,768,776	5,140,190	Recharge Expenditure	5,140,190	2,864,869	(2,275,321)	4,000,015	(1,140,175)
15,638,489	15,638,489	Capital Financing	15,638,489	395,069	(15,243,420)	10,605,845	(5,032,644)
(68,726,073)	(68,744,603)	Receipts	(68,744,603)	(68,639,634)	104,969	(68,957,586)	(212,983)
(239,476)	(239,476)	Government Grants	(239,476)	(222,789)	16,687	(222,789)	16,687
(2,122,703)	(2,122,703)	Recharge Income	(2,122,703)	0	2,122,703	(3,151,668)	(1,028,965)
1,327,000	1,327,000	Rev Contris to Capital	1,327,000	0	(1,327,000)	1,327,000	0
13,048,140	12,714,890	Capital Financing	12,714,890	0	(12,714,890)	14,552,096	1,837,206
0	0	Total Housing Revenue Account	0	(37,076,243)	(37,076,243)	(9,526,365)	(9,526,365)

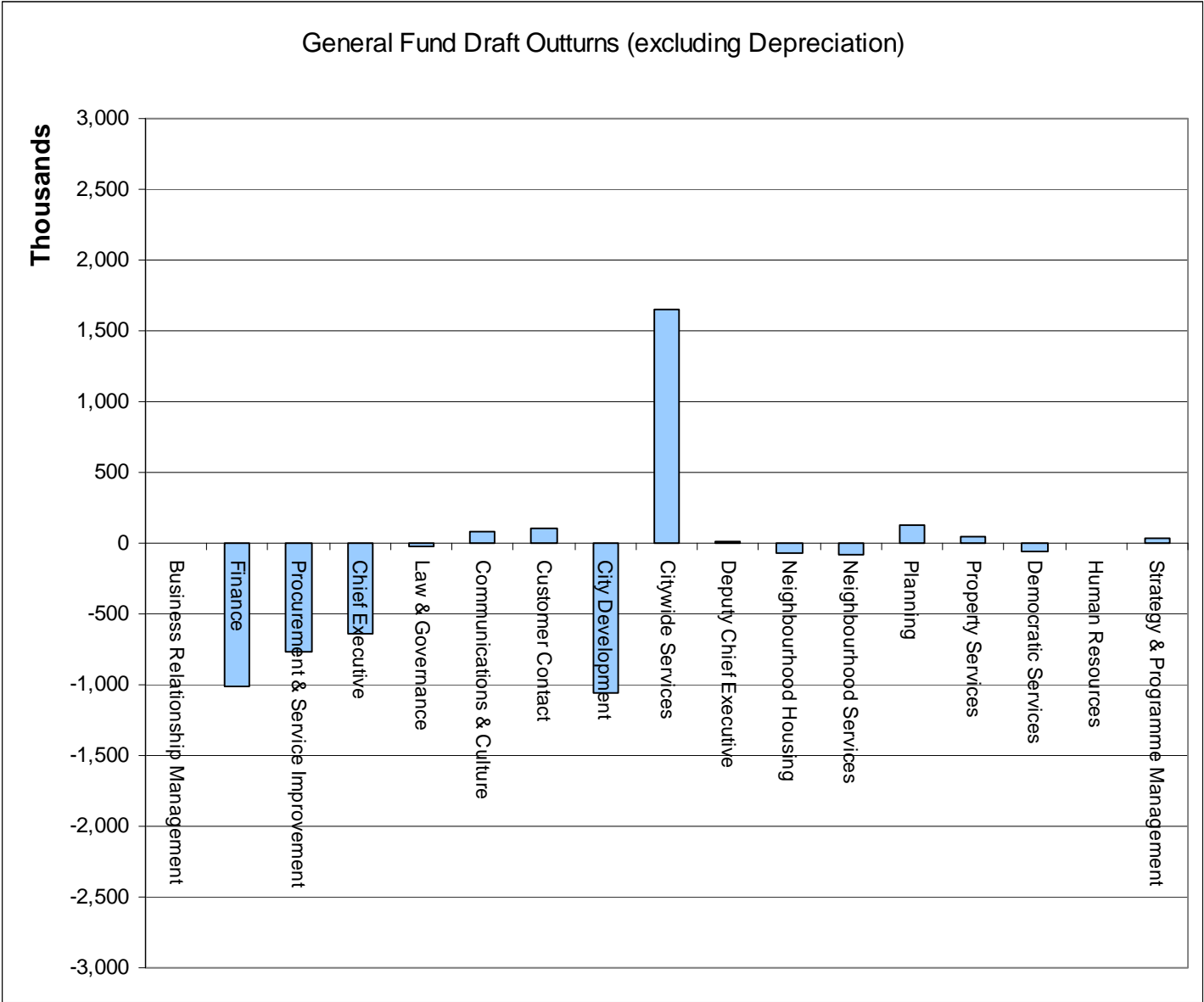
Draft Revenue Outturn – Graphical Representations

These charts show the impact on services of depreciation charges and their reversal, and of the unbudgeted Post-TUPE pension cost incurred.

The following graphic shows the overspend or underspend for each service that makes up the draft revenue outturn.



The following graphic shows the overspend or underspend for each service that makes up the draft revenue outturn, excluding depreciation charges (which are reversed out of the accounts within Finance and do not impact on the bottom line).



The following graphic shows the overspend or underspend for each service that makes up the draft revenue outturn, excluding depreciation charges (which are reversed out of the accounts within Finance and do not impact on the bottom line) and the impact of the unbudgeted Post-TUPE pensions cost.

