

Wards Affected:

All Wards

REVENUE AND CAPITAL BUDGET MONITORING REPORT- TO END OF JUNE 2012

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Executive Summary:

This report advises Cabinet of the forecast outturn position for the General Fund; Housing Revenue Account (HRA) and Dedicated Schools Grant.

The General Fund revenue forecast outturn is an underspend of (£0.306m). Service Groups are currently forecasting an overspend of £0.116m while there is an underspend on Debt Financing (£0.422m).

The Dedicated Schools Grant is reporting a forecast overspend of £0.018m against budget.

The Housing Revenue Account is reporting a forecast in year overspend of £0.572m against a budgeted deficit of £0.046m. This will result in a HRA balance of £4.939m at 31 March 2013 against a budgeted HRA balance of £4.499m. The overall position for the year, including the balance brought forward from 2011/12, is an underspend of (£0.440m). The forecast position for HRA balance is (£0.839m) above the minimum prudent level.

The Capital Programme is forecasting an underspend of (£6.984m) against the latest spend approval. However this figure includes rephasing of £6.294m reported elsewhere on this agenda bringing the position to a net underspend of (£0.690m). One capital project is currently assessed as Red/Amber.

This report includes an update on Project Management activity for the first three months of the financial year. As a result of the review at Period 3 two revenue projects and one capital project are currently assessed as Red/Amber.

The workforce has seen a reduction of 26.46 full time equivalents positions from 1 April to 30 June 2012.

This report includes an update on Treasury Management activity and an update on the Council's write offs for the first three months of the financial year.

1. Recommendation(s)

1.1 Cabinet is recommended to:

- Note the forecast outturn positions reported by Service Groups and the overall forecast General Fund revenue position is an underspend of (£0.306m);
- Note the expenditure to date, projected outturn for the 2012/13 capital programme.
- Note the Project Management position at the end of June 2012;
- Note the treasury activity during the first three months of the year.
- Note the amounts written off during the first three months of the year.
- Note the movement in the establishment reporting in year.

2. Corporate Leadership Team (CLT) view on P3 Monitoring

- 2.1 CLT are pleased with the initial forecast outturn position as it shows that the majority of the £13.6m savings incorporated in the 2012/13 budget are forecast, by budget managers, to be delivered during the financial year.
- 2.2 The update on the Establishment shows that the workforce has continued to decrease by 26.46 FTE during the first three months of the year, reflecting ongoing work to restructure teams to deliver savings agreed within the budget.
- 2.3 Efforts will continue to secure the implementation of the remaining savings and if any prove undeliverable (or other in-year pressures emerge) compensating additional savings will be found elsewhere.

3. General Fund Revenue Outturn Monitor

- 3.1 Table 1 below shows the forecast revenue outturn figures as at the end of June 2012 as being an underspend of (£0.306m) against the budget.

Table 1: Projected Outturn as at June 2012

	Budget £'000	Forecast Outturn £'000	Projected Variation £'000
Integrated Support & Social Care	30,975	30,984	9
Education, Effectiveness & Participation	33,514	33,606	92
Adult Social Care & Health	63,026	62,371	(655)
Housing & Community	2,306	2,637	331
Community Facilities Unit	12,124	12,218	94
Resources: Finance & Human Resources	9,511	9,461	(50)
Resources: Public Access	(326)	(308)	18
Environment & Waste	17,041	16,996	(45)
Neighbourhood Services	8,199	8,497	298

	Budget £'000	Forecast Outturn £'000	Projected Variation £'000
Regulatory unit	2,987	2,998	11
Highways and Transportation	18,063	18,107	44
Corporate Core	1,693	1,662	(31)
Planning, Economy & Development	2,100	2,100	0
Net Operating Expenditure	201,213	201,329	116
Debt Financing and Interest Charges	21,307	20,885	(422)
Levies	444	444	0
Sustainability Items	4,660	4,660	0
Corporate Savings & One-off Pressures	5,372	5,372	0
Asset Rentals	(33,222)	(33,222)	0
Projected outturn position	199,774	199,468	(306)
Formula Grant	(81,611)	(81,611)	0
Early Intervention Grant	(11,155)	(11,155)	0
Council Tax (including Freeze Grant)	(98,684)	(98,684)	0
Learning Disability Reform Grant	(3,307)	(3,307)	0
Other Reserves	(5,017)	(5,017)	0
Total Resources available	(199,774)	(199,774)	0
(Addition)/Reduction in General Fund	0	(306)	(306)

Main variations against revised budget at P3

- 3.2 Adult Social Care & Health Group shows an underspend of (£655k) against revised budget. This is due to activity and some cost levels being lower than anticipated in the budget build for 2012/13 for the following areas:
- (a) Residential Care than expected in 2012/13 (£255k);
 - (b) Direct Payments for Physical Disability Services (£276k); and
 - (c) Spot nursing placements for the Frail Elderly (£131k).
- 3.3 Housing & Community Group shows an overspend of £331k against revised budget. Main factors leading to this are:

- (a) Unbudgeted Bed & Breakfast (B & B) homelessness placements and administration costs projected to amount to £568k by end of this financial year, with some of this offset by recharges to clients, estimated at (£246k) and full draw down of (£100k) provision set aside at the end of last year for B&B demand; and.
 - (b) Net shortfall in income from Traveller sites, in particular Fenny Lock site which was cancelled £87k.
- 3.4 The Community Facilities unit is forecasting an overspend against revised budget of £94k mainly due to income shortfalls in Libraries £84k.
- 3.5 Neighbourhood Services is currently forecast and overspend of £298k against revised budget. Main variations include a pressures in Commercial Development of £300k which has been identified following an initial review of the Landscape budgets alongside last years outturn position. An action plan is being instigated and is estimated that this can be reduced by (£150k) with a degree of certainty; Neighbourhood Management has forecasted a shortfall in Adoptions income £118k, this is due to transferring less land than in previous years as a result of ongoing discussions between the Council and the HCA to buy the land in Milton Keynes.

Significant Revenue Variances

- 3.6 The areas forecasting significant variances at period 3 are outlined in **Annex A** while **Annex B** shows the position on savings and one-off pressures within the 2012/13 budget and budget rollovers from 2011/12.

Impact on General Fund Balances

- 3.7 If the forecast outturn set out in Table 1 remains unchanged to the end of the financial year, the General Fund balance will be:

Table 2: General Fund Balance 2012/13

	Forecast Outturn £'000
General Fund balance at 1st April 2012	(8,796)
Forecast underspend	(306)
Estimated General Fund Balance at 31st March 2013	(9,102)

Dedicated Schools Grant (DSG)

- 3.8 The Dedicated Schools Grants is forecasting an overspend of £18k against central expenditure and income. There are no significant variations to report at this stage of the year.

Housing Revenue Account (HRA)

- 3.9 HRA balance brought forward at March 2012 was (£966k) above the amount forecast to be brought forward within the budget agreed in February 2012. This is subject to the external audit of the 2011/12 accounts taking place at present, but was due to:
- (a) Efficiencies arising from the Working Better Together Project (£190k),
 - (b) Debt charges being less than budgeted (£268k) and
 - (c) A reduction in the level of responsive repairs to the housing stock in the last few months of 2011/12 (£280k).
- 3.10 The in year HRA forecast is expected to be overspent by £526k. This is due to the Council decision to use £700k of the balance brought forward to fund agreed enhancement of HRA capital programme (see 21st Feb 2012 Council decisions - investments to be made towards following projects; Fuel Poverty £350k, Safer Homes £250k, Disabled adaptations £100k).
- 3.11 This is partially offset by (£174k) savings identified across staffing, office (resource centre) and communal stock budgets.
- 3.12 Taking both the higher than anticipated balance brought forward and the forecast in year overspend set out in 3.10 above, the projected HRA balance at March 2013 is forecast to be (£4,939k) compared to budget of (£4,499k). This continues to be above the Prudent Minimum HRA level set as part of the 2012/13 Budget process.

Table 3: HRA Outturn Summary

	2012/13 Budget £'000	Period 3 £'000	Variance £'000
Uncommitted reserve b/f	(4,545)	(5,511)	(966)
Net (surplus)/deficit in year	46	572	526
Uncommitted reserve c/f	(4,499)	(4,939)	(440)
Prudent Minimum HRA level	(4,100)		

4. Capital

- 4.1 This report monitors against spend approval of £80.200m. At the end of June the forecast outturn is £73.216m, an overall net underspend of (£6.984m) against the latest Spend Approval. However, this figure includes forecast rephasing of schemes into later years of £6.294m, bringing the position to a net underspend of (£0.690m).
- 4.2 The variation predominately relates to rephasing of projects in Education, Effectiveness and Participation and a number of relatively small underspends

against various Service Groups, partially offset by overspends on projects in Highways and Transportation.

Table 4: Summary of capital expenditure forecasts as at 30th June 2012

Service Group	Latest Spend Approval £m	Forecast Spend as at 30/06/12 £m	Variation Over /(under) Spend Approval £m
Resources :Public Access Group	12.680	12.628	(0.052)
Adult Social Care & Health Group	0.813	0.633	(0.180)
Housing and Community Group: Housing	22.567	22.567	0.000
Housing and Community Group: Regeneration and Community Safety	0.000	(0.077)	(0.077)
Community Facilities Unit	8.607	7.997	(0.610)
Children & Families: Integrated Support and Social Care Group	1.085	1.019	(0.066)
Children & Families: Education, Effectiveness and Participation Group	21.141	16.009	(5.132)
Planning, Economy & Development Group	0.339	0.339	0.000
Highways & Transportation Group	7.758	7.947	0.189
Neighbourhood Services Group	5.210	4.154	(1.056)
Total	80.200	73.216	(6.984)

4.3 **Annex C** shows the current forecast position on all schemes compared to spend approvals, which is the total spend approval assuming the recommendations shown in the Capital Programme Revisions Report elsewhere in this agenda are approved.

4.4 All schemes have been assessed by Project Managers with regard to their RAG Status in relation to the following key criteria, Time, Cost, Scope and Benefits:

- Green – All key criteria will be achieved. Risks are being managed
- Green/Amber – One of the key criteria cannot be delivered within tolerance; project risks are being managed
- Red/Amber – Two or three of the key criteria cannot be delivered within tolerance; risks need to be escalated.

- Red – All four key criteria cannot be delivered without further significant intervention (consider whether the project should continue). Risks need to be escalated.

4.5 At the end of period 3 the position on capital projects reported by Project Managers is:

Green	38
Green/Amber	15
Red/ Amber	1
Red	0

4.6 The one project assessed to be Red/Amber is Wolverton Station, as the project is currently forecasting an overspend of £175k. Negotiations are currently ongoing with the contractor

4.7 **Annex C** shows the main variations in forecasts against the capital programme.

5. Corporate Projects

5.1 Attached at **Annex D** is the Corporate Project Dashboard for the period to 30 June 2012.

Corporate Projects	Red	Red/ Amber	Green/ Amber	Green	Closed
All Projects	0	3	23	20	0
Percentage	0%	6%	50%	44%	0%

5.2 There are 46 projects/programmes on the Corporate Project Dashboard. The majority (94%) of projects are rated Green or Green/Amber. There are no Red projects. 3 projects (6%) are rated Red/Amber.

5.3 The projects rated as Red/Amber are set out below. The first two of these are revenue projects while the third is the capital project mentioned above:

- Core Strategy - Project is Red/Amber as there is still no sign of the Secretary of State revoking the Regional Spatial Strategy (RSS). Risk that Core Strategy may be found unsound.; and
- Strategic Asset Programme (Footway Major) - Red/Amber as spend approval is on hold as the panel requested a business case to be presented to the July Cabinet.
- Wolverton Station, as the project is currently forecasting an overspend of £175k. Negotiations are currently ongoing with the contractor (as in 4.6 above)

6. Establishment Reporting

6.1 The total establishment at the end of June 2012 is 2,177.07 FTE, a reduction of 26.46 FTE since the base position was agreed in March 2012. This represents a reduction of 1.22%. The analysis of this movement is attached as **Annex E**.

7. Treasury Management

7.1 The Treasury Management update report is attached as **Annex F**. This covers the period to 30 June 2012.

8. Write offs

8.1 A summary of the amounts written off against various types of debt is attached as **Annex G**.

8.2 The write offs have already been actioned in line with the Financial Scheme of Delegation. No write offs require Cabinet approval at the end of the first quarter.

9. Annexes to this Report

ANNEX A	Analysis of revenue variances at period 3
ANNEX B	Budget Rollovers, One-off pressures and savings
ANNEX C	Capital Forecast at period 3
ANNEX D	Corporate Projects Dashboard
ANNEX E	Establishment movement at period 3
ANNEX F	Treasury Management report at period 3
ANNEX G	Summary of Write Offs to period 3

10. Implications

10.1 Policy

The recommendations of this report are consistent with the council's Medium Term Financial Plan.

10.2 Resources and Risk

Where risks are known they are listed in **Annex A**.

Capital implications are fully considered throughout the report. Revenue implications may arise from capital schemes in respect of:

- a. Borrowing to fund capital expenditure (principal and interest);
- b. Running costs associated with capital schemes, and;
- c. Efficiency savings (e.g. reduced maintenance costs).

These are built into the Council's debt financing and other revenue budgets as appropriate through the Medium Term Planning process.

Y	Capital	Y	Revenue	N	Accommodation
N	IT	Y	Medium Term Plan	Y	Asset Management

10.3 Carbon and Energy Management

All capital schemes consider Carbon and energy Management implications at the capital appraisal stage before they are added to the capital programme. There are no further implications as a result of this report.

10.4 Legal

Legal implications may arise in relation to specific capital schemes or revenue projects. In particular a capital scheme or revenue project may be needed to meet a specific legal requirement. These implications are addressed in the individual project appraisals. There are no significant legal implications arising as a result of this report.

10.5 Other implications

All implications are outlined within the report.

Y	Equalities/Diversity	Y	Sustainability	N	Human Rights
N	E-Government	N	Stakeholders	N	Crime and Disorder
N	Carbon and Energy Management				

Background Papers: 2012/13 Revenue Budget and Capital Programme as approved by Council in February 2012