
BUDGET MONITORING REPORT 2013/14

To: **Cabinet – 21 January 2014**

Main Portfolio Area: **Financial Services**

By: **Financial Services Manager**

Classification: **Unrestricted**

Ward: **All**

Summary: **To inform Cabinet of the latest budget monitoring position against the General Fund, Housing Revenue Account and capital programme for 2013/14.**

For Decision

1.0 Introduction

1.1 This report enables Cabinet to take an informed view of the likely financial impact of the current restriction on non-essential spending on the projected out-turn for the General Fund, as well as the likely outturn on the Housing Revenue Account and capital programme for 2013/14. The report summarises the main issues, with the detail being provided in the annexes.

2.0 Summary Outturn Position for the General Fund 2013/14

2.1 Previous budget monitoring reports have shown a projected overspend for 2013/14 of £481.5k. Budget monitoring has been undertaken to the end of November 2013 and the projected outturn is now an overspend of £309.9k.

2.2 When the budget was set in February 2013, it was still expected that Transeuropa would continue in business. The budgetary impact for 2013/14 as a result of them ceasing business is a shortfall of £836k. This is after terminating contracts at the Port wherever possible and cutting back on the running costs at both the Port and Harbour. Managers have been working diligently during the year to identify savings within their budget areas to offset this shortfall. However, there is still a further £309.9k to find in order to deliver a balanced budget for 2013/14 and therefore every effort will continue to be made to find further efficiencies. This will include continuing with the controls over non-essential spending and restricting recruitment to where it is absolutely necessary.

2.3 The following table summarises the variances that have been identified as part of the budget monitoring exercise with the detail provided in the paragraphs that follow:

Directorate	Variance £'000s
Chief Executive	-3.9
Operational Services	1,030.3
Community Services	-112.2
Corporate Services	-335
Savings across Directorates	-269.3
Total	309.9

Chief Executive

2.4 Minor underspends have been identified in respect of the fuel costs for the official car and conference fees totalling £3.9k.

Operational Services

2.5 A number of savings have been identified across the directorate, including savings against Sand Levelling, Water Safety, Front Line Services, Media Centre, Crematorium and Open Spaces. These savings total £104.5k. However, a number of budget pressures have also been identified in this directorate:

- Following the cessation of Transeuropa's business, there is a budget shortfall of £836k. However, the previous budget monitoring report identified savings totalling £170.7k which reduce this shortfall to £665.3k.
- As a result of the Transeuropa shortfall, a detailed exercise has been undertaken to review all the maritime budgets to identify where savings can be made to offset the Transeuropa position. This exercise has also identified that the income budget target for the maritime service is underachieving by £400k. This is due to the income from permanent berths being down; London Array being in the maintenance phase of the windfarm project – income will pick back up once they move back into the construction phase; and the income target for the introduction of the loyalty scheme not yet being met. Every effort is being made to find savings in this area to compensate for this income shortfall, but if sufficient compensating savings can not be found, then an equivalent sum will be drawn down from the Maritime Reserve to offset this shortfall.
- Car parking income is down by £99.8k. This is due to a reduction in the number of people parking at Staffordshire Street due to free parking at Leopold Multi-Storey on Saturdays £70k; no income coming in for the Bungalow coach park as the site is not secure £2k; a shortfall against Cavendish Street car park of £12k; a shortfall against Mill Lane of £11k due to free Saturday parking and a shortfall against various car parks of £5k.

- There is also a shortfall against the roundabout sponsorship income budget of £9.7k.

Community Services

- 2.6 An underspend totalling £112.2k has been found in this directorate:
- Made up of a number of minor savings against the whole directorate £20.8k;
 - Annual contribution of £25k from planning to the Local Plan Reserve no longer required;
 - Housing Care and Repair agency grant no longer required £34.7k;
 - Further savings have been generated through Housing of £31.7k as a result of reduced spend on external supplies and additional income.
- 2.7 Building control income is currently underachieving against the budget but it is expected that this will be offset by an increase in planning fees.

Corporate Services

- 2.8 An underspend totalling £335k has been found in this directorate:
- Additional income from licensing totalling £7.4k is anticipated;
 - Electoral registration costs of £60k will now be met from grant funding;
 - Savings have been identified in respect of Members' allowances of £14.5k;
 - Miscellaneous savings have been identified in Environmental Services of £4.9k;
 - Savings have been identified in the Print Unit of £7.6k;
 - Miscellaneous savings have been found within Financial Services of £2.7k;
 - Savings have been identified against corporate subscriptions of £8.9k;
 - Savings are anticipated against Corporate Marketing of £12k;
 - Summonses income for Council Tax and NNDR is expected to exceed the budget by £39.9k;
 - A number of contingency budgets were set up when EK Services was established. These budgets are no longer required, resulting in a saving of £98.3k;
 - Further savings against corporate contingency budgets of £50k are expected;
 - Savings have been offered up against ICT budgets of £30k;
 - Other minor savings totalling £6.3k have been identified.
 - An overspend resulting from lower than expected income associated with Legal Costs recovered £7.5k

Other Underspends across Directorates

- 2.9 An exercise has been undertaken to look at Insurances across the organisation. Based on this information, it is anticipated that there be an underspend in the region of £150k.
- 2.10 Savings have been identified across the various business rate accounts totalling £67.6k.
- 2.11 Savings have been identified across all the Council's utility bills totalling £51.7k.

3.0 Housing Revenue Account

- 3.1 The Housing Revenue Account is currently projecting a variance of £1.079m as per last quarter.

4.0 Capital Programme

- 4.1 A report on the General Fund and HRA capital programme is detailed in Annex 1. Capital receipts show a shortfall of £483k within the General Fund programme. Receipts achieved to date are detailed below:-

General Fund Property Receipts (up to 30 Nov 2013)	Amount
Lease of land and buildings at Unit 1 Tivoli Road Estate, Tivoli Brooks, Margate	£68k
TDC Share of sale of 23 & 24 Ozengell Place, Eurokent	£11k
Sale of Albion House	£345k
Total Capital Receipts	£424k

In order to achieve a balanced General Fund capital programme the remaining £483k must be achieved in this financial year.

The HRA sales achieved are as follows:

HRA Land Sales (up to 30 Nov 2013)	Amount
Land Adjacent to Ramsgate Boxing Club	£25k
Lease of 16 The Leys, Preston Road	£12k
Flowing Bowl / Cherry Orchard	£204k
Total Capital Receipts	£241k

- 4.2 Members are asked to agree the budget virements detailed as per Annex 2 for the General Fund capital fund programme and note the contents of Annex 3 for the HRA capital fund programme.

4.3 Corporate Implications

4.4 Financial

4.4.1 The financial implications have been reflected within the body of the report.

4.5 Legal

4.5.1 Section 151 of the 1972 Local Government Act requires a suitably qualified named officer to keep control of the Council's finances. For this Council, it is the Chief Executive (S151 Officer), Sue McGonigal, and this report is helping to carry out that function.

4.6 Corporate

4.6.1 Corporate priorities can only be delivered with robust finances and this report gives Members the opportunity to review the Council's current position.

4.7 Equity and Equalities

4.7.1 There are no equity or equalities issues arising from this report.

5.0 Recommendations

5.1 That Cabinet notes the projected outturn position for 2013/14 for the General Fund.

5.2 That Cabinet agrees to the realignment of budgets in order to reflect those savings already identified.

5.3 That Cabinet notes the current Housing Revenue Account position.

5.4 That Cabinet approves the variations to the General Fund Capital Programme identified in Annex 2.

5.5 That Cabinet notes the current HRA Capital Programme identified in Annex 3.

6.0 Decision Making Process

6.1 The budget is approved by Council in February each year. Cabinet is responsible for monitoring performance against the budget during the year and for approving any budget virements over £50k.

Annex List

Annex 1	General Fund & HRA Capital monitoring Summary
Annex 2	General Fund Capital Programme
Annex 3	HRA Capital Programme

Background Papers

none

Corporate Consultation Undertaken

Finance	Sarah Martin – Financial Services Manager
Legal	n/a

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