
BUDGET MONITORING REPORT 2013/14

To: **Cabinet –3 April 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 The budget monitoring report taken to Cabinet in January 2014 showed a projected overspend for 2013/14 of £309.9k. Budget monitoring has now been undertaken to the end of February 2014 which reflects a balanced budget position.

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 and every effort will continue to be made to find further efficiencies over the remainder of the financial year. 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	-4.7
Operational Services	1,088.2
Community Services	-65.4
Corporate Services	-573.0
Savings across Directorates	-445.1
Total	0

Chief Executive

2.4 Minor underspends totalling £3.9k were forecast within the last report which have now been revised to £4.7k.

Operational Services

2.5 An overspend of £1,088k is now forecast, a movement of £58k from the last report. There have been additional one-off costs of £83k associated with delivering the revised recycling and waste programme alongside the existing cleansing programme. This is offset by £23k worth of savings across property which is due to increased income/reduced costs on the KIC and Media Centre, offset by under achievement of income/increased costs across the balance of the property portfolio. Various other minor underspends totalling £2k have also been identified.

Community Services

2.6 An underspend totalling £65.4k has been forecast for this directorate, a reduction of £46.8k from the last monitoring report. The movement is made up as follows:

- It was previously reported that building control income was underachieving against the budget but that it was expected that this would be offset by an increase in planning fees. Unfortunately this hasn't fully materialised and there is now a projected overspend of £40k.
- Other minor variances £6.8k.

Corporate Services

2.7 An underspend totalling £573k is now forecast, a movement of £238k from the last monitoring report. This movement is made up as follows:

- As a result of redirecting staff resource from Environmental Services to facilitate the Border Inspections at the Airport, savings of £200k have been generated as these staffing costs can be funded from fee income.

- Various minor variations totalling £38k across Communications, Land Charges and Printing.

2.8 Other Underspends across Directorates

- 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.
- Savings have been identified across the various business rate accounts totalling £67.6k.
- Savings have been identified across all the Council's utility bills totalling £51.7k.
- The Minimum Revenue Provision (the set-aside for the repayment of borrowing) and the interest costs of borrowing have been recalculated following slippage on capital projects (mainly due to the delay in borrowing for Dreamland and Yacht Valley and also reduced borrowing amounts for the freighters). There is likely to be an underspend on this for 2013/14 of approximately £600k. This underspend will be utilised in the first instance to deliver a balanced budget position for the General Fund. It is proposed that the balance is put into the Capital Projects Reserve to support the capital programme moving forward in case there are any further shortfalls against capital receipts.

3.0 Housing Revenue Account

- 3.1 The Housing Revenue Account is currently projecting a variance of £1.148m as detailed at Annex 1. Key variances are detailed in the following paragraphs.
- 3.2 There is a projected loss of £79k on dwelling rents. Of this, a sum of £73k relates to the projected loss on affordable rents generated from the Margate Intervention and Ramsgate Empty Homes programmes due to delays in acquiring and refurbishing properties into housing. A further £10k loss on social rents is projected due a temporary high level of voids in the Newington area where a number of Council tenants have transferred into the new accommodation built as part of the regeneration programme. Income from Shared ownership rents is projected to exceed target by £4k.
- 3.3 Revenue repairs are currently projecting an underspend of £119k. This is largely due to a £114k underspend on the external painting and decorating contract works whilst the contract is re-let. An overspend of £62k has been projected on the day to day works outside of the price per property largely due to the increased works as a result of the recent storms. There is an expected saving of £26k against the servicing of gas boilers. Fewer repairs to fire alarms have been required this year resulting in an £11k saving. Lower costs have been incurred than budgeted for the maintenance of freshwater pumps resulting in a £16k saving, with a further £9k saving identified across the repairs programme.
- 3.4 Supervision and Management costs are projecting a £19k underspend. This is due to a saving identified of £35k on disturbance grants, a further saving of £12.5k on external audit fees and another £18.5k savings identified over various headings. This is offset by a projected increase of £47k in pension costs apportioned to the HRA.
- 3.5 A variance of £1.2m continues to show against the capital expenditure funded from the revenue account due to last year's contribution not being utilised as anticipated for match funding in the Margate Intervention Programme and Ramsgate Empty

Properties capital programme and this has been rolled forward. It is recommended that at year end these committed balances, if not fully spent, are set aside in the HRA Properties Reserve as they are already ring-fenced for the delivery of these two programmes.

4.0 Capital Programme

- 4.1 A report on the General Fund and HRA capital programme is detailed in Annex 2. Capital receipts show a shortfall of £135k within the General Fund programme. Receipts achieved to date are detailed below:-

General Fund Property Receipts (up to 28 Feb 2014)	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
Sale of land at King Street, Margate (opposite Tudor House)	£39k
Sale of land at Effingham Street, Ramsgate	£65k
Sale of 41 Hawley Square, Margate	£175k
Sale of Former Rose Gardens at Pysons Road, Broadstairs	£40k
Sale of land at Courtstairs	£30k
Total Capital Receipts	£773k

Given identified slippage notified by Budget Managers, it is anticipated that there will be sufficient funds generated to balance this year's capital programme. However, the remaining £135k shortfall is still required to be delivered in order to meet the Council's on-going capital programme.

The HRA sales achieved are as follows:

HRA Land Sales (up to 28 Feb 2014)	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 3 for the General Fund capital fund programme.

5.0 Write-off of Housing Benefit Overpayment

- 5.1 Members are requested to approve a write-off request in respect of a housing benefit overpayment due to an error on the part of the local authority. The details of this overpayment are shown at Annex 4. When the error came to light, the claim was terminated, however, as the tenant had declared the relationship, the monies had been used to cover her rent and any recovery of the overpayment would cause her financial hardship, Members are requested to write-off the overpayment in the sum of £26,787.65. Members should note that this overpayment will be 100% reimbursed via the housing benefit subsidy system as the level of local authority error overpayments at the Council are below the threshold level set by the DWP.

6.0 Corporate Implications

6.1 Financial

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

6.2 Legal

- 6.2.1 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.

6.3 Corporate

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

6.4 Equity and Equalities

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

7.0 Recommendations

- 7.1 That Cabinet notes the projected outturn position for 2013/14 for the General Fund.
- 7.2 That Cabinet approve that any unutilised balance on the Minimum Revenue Provision not required to bring the General Fund back to a balanced budget position be set aside in the Capital Receipts Reserve.
- 7.3 That Cabinet notes the current Housing Revenue Account position.
- 7.4 That Cabinet approves that any unutilised revenue contributions towards the Margate Housing Intervention and Ramsgate Empty Homes programmes be set aside in the HRA Properties Reserve.
- 7.5 That Cabinet approves the variations to the General Fund Capital Programme identified in Annex 3.
- 7.6 That Members approve the write-off of the housing benefit overpayment in the sum of £26,787.65.

8.0 Decision Making Process

- 8.1 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	Housing Revenue Account
Annex 2	General Fund & HRA Capital monitoring Summary
Annex 3	General Fund Capital Programme
Annex 4	Write-off of housing benefit overpayment

Background Papers

Title	Where to Access Document
None	N/A

Corporate Consultation Undertaken

Finance	Sarah Martin – Financial Services Manager
Legal	n/a

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