

## BABERGH DISTRICT COUNCIL

<b>To: Overview and Scrutiny (Stewardship) Committee</b>	<b>Report Number: M110</b>
<b>From: Head of Corporate Resources</b>	<b>Date of meeting: 13 November 2012</b>

### BUDGET MONITORING REPORT – Q2 2012/13

#### 1. Purpose of Report

- 1.1 To inform Members of key variations that are possible, anticipated or likely on the current year's Revenue Budgets and Capital Programmes.
- 1.2 To advise on the actions and further consideration that is being given to these.

#### 2. Recommendations

- 2.1 That the anticipated or likely budget variations on the current year's Revenue Budgets and Capital Programmes are noted and considered by the Committee.
- 2.2 That the Committee raises any issues, including further information or action that is considered necessary.

The Committee is able to resolve these matters.

#### 3. Financial implications

- 3.1 A net overall variation in income and/or expenditure will obviously affect the 2012/13 financial outturn for the year and it is important that these are carefully monitored and managed throughout the year.
- 3.2 Specifically, on the General Fund, monitoring cost pressures and achieving the very significant savings and efficiencies of £1.1m built into the 2012/13 Revenue Budget will impact on the overall position.

#### 4. Risk Management

- 4.1 This report is most closely linked with the Council's Corporate / Significant Business Risk Nos. 6 – Performance and Cost Management and 6 - Efficiencies and savings. Key risks are set out below:

<b>Risk Description</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation Measures</b>
Forecast savings and efficiencies are not delivered	Low	Significant	Monitoring by Finance Teams and officers, although moving towards the new Operational Delivery Teams creates some uncertainties.

<b>Risk Description</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation Measures</b>
Economic conditions and other external factors	Low/Medium	Marginal	There is a strong focus on monitoring key income and expenditure streams but economic conditions continue to affect some services.
Capital Programme delivery not on target	Medium	Marginal/ Significant	Regular monitoring through a Capital Asset Strategy Officer Group and with other key officers.

## 5. Consultations

5.1 With Corporate/Budget Managers.

## 6. Equality and Diversity Impact

6.1 None.

## 7. Shared Service / Partnership Implications

7.1 Mid Suffolk District Council's Executive Committee will consider a similar report on the 19 November 2012.

## 8. Key Information

8.1 The report provides details on key variations that are known or likely to arise, based on the latest information that is available at the end of Quarter 2 of the financial year.

8.2 This relates to:

- The General Fund Revenue Budget
- The HRA Revenue Budget
- Both the General Fund and HRA Capital programmes.

8.3 The following table summarises and comments on the key potential variations for the year, the position on significant cost pressures and planned savings and areas of uncertainty on the General Fund Revenue Budget:

<b>Area/activity</b>	<b>£000</b>	<b>Comments</b>
<b>Expenditure – cost pressures</b>		
Housing Benefits – welfare reforms	- 25	Review in Q3 and at year end as to whether this provision for the significant changes in welfare reforms from April 2013 is required.

<b>Area/activity</b>	<b>£000</b>	<b>Comments</b>
Borrowing costs	-20	Depends on capital programme delivery, extent of external borrowing and interest rates.
SSL	+30	Depends on economic conditions
Insurance premiums	+15	Required by insurers as part of 2012 renewals. Tender/market testing in 2013.
Members Allowances	-20	Not all Members claim their allowances.
<b>Total</b>	<b>-20</b>	
<b>Savings/income</b>		
Integration & Transformation	See below	See below.
SRP	-	£75k saving built into the Budget will be achieved.
Open Spaces Contract	-	£50k saving built into the Budget will be achieved.
MRF	+100	Higher one-off surplus from previous years. Could be further saving in 2012/13 and future years.
Building Control	-75	Could be an even higher reduction depending on activity in Q3 and 4.
Car Parks	-20	Uncertain. Delays in implementing increases in excess notice and long-stay parking charges.
Pre-applications planning advice	-12	Not currently in a position to introduce a charging scheme.
Babergh Response Scheme	-20	Community Alarm Scheme. Further clarification being sought.
Garden and Trade Waste	-	Income from Brown Bin scheme up but Trade Waste income down at Q2 compared to last year. Could balance out overall.
<b>Total</b>	<b>-27</b>	

8.4 Based on the above, there would be very little variation for the year overall, although there may be other variations that come to light in Q3 or Q4. In relation to integration and transformation, a sum of £550k was included in the budget for further savings on staffing and on other costs. It is envisaged that this will be achieved and perhaps exceeded as a result of savings from voluntary redundancies and vacancy management. Members will be updated further on the position in Q3.

8.5 Two other matters are brought to Members attention:

- Planning - Strategy Committee have agreed additional funding for staff resources of £75k (to be met from reserves unless there is a favourable overall position on the Budget at the end of the year)
- MMI compensation claim - £75k received to date as reimbursement of part of our costs and previously paid out claims. Hopefully there will be full recovery of around £230k once the Court has undertaken its detailed assessment of the costs.

8.6 In relation to the HRA Revenue Budget, the following matters are drawn to Members attention:

- Repairs and maintenance - Painting and re-painting repairs programme is behind schedule because of the bad weather in the summer and because of a staff resource gap in relation to a Clerk of Works. Cost of tenancy changes running ahead of Budget but overall costs for the year on all repairs and maintenance will be kept within the total budget of just over £2m
- Integration and transformation – as with the General Fund, the HRA will benefit from staff savings in relation to this and the amount saved could be higher than what was allowed for in the Budget. Update in Q3.

8.7 In relation to the capital programme, the following matters are drawn to Members attention:

#### General Fund

- (a) £1.8m or 43% of the total £4.2m Capital Budget spent at the end of Q2.
- (b) Hadleigh Community Facilities accounts for £1.2m of this (Budget of £1.7m, remaining spend in Q3)
- (c) Only £0.6m of the remaining £2.5m Budget spent – main areas of potential or likely shortfall for the year at the present time are highlighted below:
  - Private Sector Housing – Budget £0.7m, Q2 actual spend £0.2m on mandatory disabled facilities and other discretionary grants. Affordable Housing schemes at the Marvens, Copdock and Back Lane. Monks Eleigh (around £0.15m) will now be completed in 2013/14
  - Community Development Grants – Budget £0.25m, Q2 actual spend £46k. It is forecast that around £70k of the total Budget will now be spent in 2013/14
  - Asset Management (other than Hadleigh Community Facilities) – Budget just over £1m, Q2 spend just over £0.25m. Agreed with contractor that refuse fleet replacements of approaching £0.4m will be deferred to 2013/14. Some shortfall expected on Carbon reduction schemes due to lack of staff resources

- ICT/Information Management – Budget nearly £0.45m, Q2 actual spend £25k. Very little spent on integration budget of nearly £0.3m so far, which depends on formation of Operational Delivery Teams and ongoing integration plans. Uncertainty at present time, therefore, on extent of spend likely this year. Also, budget of £50k for Broadband Development may not be required – clarification being sought.

## HRA

- (a) Only £0.9m of the £5.7m Capital Budget spent at the end of Q2. Overall projected outturn of £4.6m for the year.
- (b) Comments on key areas are provided below:
- Kitchens & Bathrooms – limited spend to date of £0.2m but anticipated that £1.3m of the £1.6m budget will be spent
  - Disabled Adaptations – reactive budget, running below profile as only £127k of £0.5m budget spent
  - More will be spent on central heating and an accelerated roofing (£1.5m together, compared to the Budget of £1m)
  - Insufficient staff resources to deliver a number of schemes (Budget around £1m). This includes garages/forecourts, fences, gates and walls, environmental works, drains and sewers
  - Work to the common areas of blocks of flats (Budget nearly £0.2m) may be delayed to next year due to leaseholder implications
  - Solar/PV project in sheltered units introduced (Budget £124k)
  - Insulation Improvements - Babergh Standard – Scheme on hold pending discussion with planning (Budget £0.4m)
  - Limited demand for smoke alarms (Budget £108k)
  - Tenterpiece Lavenham - £50k held pending decision on project.

## 9. Appendices

Title	Location
None	N/A

## 10. Background Documents

None.

Authorship:

Barry Hunter  
Corporate Manager – Financial Services

(01473) 825819  
[barry.hunter@babergh.gov.uk](mailto:barry.hunter@babergh.gov.uk)