

Report of	Nick Gray, Strategic Director		
Authors	Phil Mitchell, Financial Services Manager		
Telephone	Phil Mitchell - 01306 879149		
Email	Phil.mitchell@molevalley.gov.uk		
To	Executive		
Date	28 th November 2012		
Executive Members	Councillor Simon Ling		
Agenda Item	7	Key Decision	Yes
Ward (s) affected	All		
Subject	2012/13 Month 7 Budget Monitoring Report		

RECOMMENDATIONS

1. That the Executive notes the Council's year end revenue outturn projection for Month 7 - an underspend of £522,000 against the cost of services of £10,336,000 (5%). This produces a total variance of £585,000 underspent when combined with the forecast of improved investment returns.
2. That the Executive notes and endorses work to agree business rates pooling for 2013/14 onwards with the County Council and the other Surrey Districts and Boroughs (see paragraph 5.1)

1. Executive Summary

1.1 This report sets out the Council's Revenue forecast outturn position as at the 31st October 2012.

1.2 The Appendices to this report show:

Appendix A: an analysis of the Council's budget position by Business Unit;

Appendix B: an analysis of the Council's key service related income streams.

Appendix C: an update on the progress of the Capital Programme

1.3 The report highlights significant issues which have impacted this projected outturn, with more detailed explanations being contained within appendices A to C.

2. Summary of budget position as at 31st October 2012

2. As detailed in Appendix A, the Council is projecting net expenditure on services of £9,814,000 against a budget of £10,336,000, i.e. an underspend of £522,000 (or 5%). Additionally, the Council is projecting that £9,748,000 will be received in non service income which is £63,000 higher than budgeted. The total variance of £585,000 means that the impact on the general fund balances will be £66,000 compared to the original projection of £651,000. If sustained to the end of the year, this will enable the Council to pay back to reserves/balances an amount almost equivalent to the amount withdrawn as part of the original budget plan.

- 2.1 Although there are a number of overspends, given the fact that the overall budget is underspent, it is recommended that no specific action needs to be implemented at this time to manage the 2012/13 budget, over and above the normal operational management by officers.
- 2.2 The previous report to the Executive, on the end of August position (on 23rd October 2012), projected a total underspend of £226,000. The biggest changes since then, which have increased the overall projected underspend by over £300,000, are increases in the projected underspend on the Olympics (£194,000) and Partnerships (£96,000).
- 2.3 A summary of the significant variances (in excess of £50,000) is set out in the table, though the overall projection is coloured by minor underspendings of less than £50,000 in 11 instances (see Appendix A). A narrative for the major variances is outlined in the paragraphs below:

<u>Service Area</u>	<u>Variance</u> <u>(£000)</u>
Building Control	64
Car Parking	169
Financial Services	73
Olympics	(418)
Strategic Management Team	(75)
Partnerships	(94)
Waste, Street Cleaning & Sustainability	(77)
Other variations (less than £50,000)	(164)
	<hr/>
	(522)

3. Major Variances in October Projections

- 3.1 **Building Control:** £64,000 overspend is projected against the budget. The depressed state of the building industry and the reduced number of domestic alteration applications continue to have an adverse effect on the income level. This is exacerbated, in the current year, by one-off restructuring costs which will deliver longer term savings after 2012/13.
- 3.2 **Car Parking:** The income shortfall on car parking of £169,000 is due to weaknesses in the previous year's monitoring that led to an overly ambitious income target for 2012/13.
- 3.3 **Financial services:** The £73,000 overspend is due to temporary staffing costs in producing the 2010/11 year-end accounts and assisting with the subsequent audit.
- 3.4 **Olympics:** There remain some residual expenditure issues to finalise but the latest projection assumes reimbursement of almost £80,000 eligible costs from LOCOG. These have been confirmed though the funds have yet to be received.
- 3.5 **Partnerships:** As previously reported, an underspend of £94,000 is expected due to additional income from the Sports Centre contracts.
- 3.6 **Strategic Management Team:** An underspend of £75,000 is anticipated due to the changes at the most senior levels of management for the second half of the financial year. The cost of the Chief Executive post is shared with Surrey CC and a vacancy is being retained at Strategic Director level.

3.7 **Waste, Street Cleaning and Sustainability:** The projected underspend of £77,000 is due to staffing savings on Sustainability and further savings on the Street Cleaning contract.

3.8 Other Issues:

- The projected outturn for Community Services takes into account an outstanding re-evaluation of some posts in the service
- The award of £250 to each of the Council's lowest paid staff in November is in line with the majority of other Surrey districts and adds around £24,000 to total costs. It has not yet been factored into individual budget managers' projections, though it has been included in the overall projection as an addition to Corporate Costs.

4. Capital Programme

4.1 The overall position on capital major and minor works is set out at Appendix C. The format of the appendix has been altered to include a column showing the actual expenditure to date on each capital scheme.

5. Business Rates Pooling

5.1 The coalition government's proposed business rates retention system will allow Councils to form a pool to share business rates income. A system of tariffs and top-ups aims to redistribute the funding within local government and provide some incentive for councils to increase their business rate income.

5.2 The system includes a safety net to support councils (or pools) whose income falls by more than 7.5% to 10% (to be specified). This will be funded by a levy on disproportionate growth. By pooling with the County and other Districts, Mole Valley DC will avoid the high levy rate of 85% to 90% applied to individual councils. The shared levy is likely to be in the region of no more than 55% of growth.

6. Corporate Implications

6.1 Legal Implications

There are no legal implications contained within this report.

6.2 Financial and Risk Implications

This is fundamentally a finance report and as such those implications are contained within the report itself.

6.3 Equalities Implications

There are no equalities implications as a direct consequence of this report.

6.4 Employment Issues

There are no employment implications in this report.

6.5 Sustainability Issues

There are no sustainability implications in this report.

6.6 Consultation

There are no consultation issues in this report.

APPENDIX A: Revenue Forecast Outturn by Service as at 31st October 2012

Service	Manager	2012/13	2012/13	Budget	Forecast
		£'000	£'000	Outturn	Budget
Benefits	R. Boxall	256	256	0	0
Building Control	M. Dean	(96)	(32)	64	67
Car Parking	R. Burrows	(1,210)	(1,041)	169	14
Community Support Services	T. Ward	92	121	29	31
Corporate Costs	P. Mitchell	952	979	27	3
Customer Services Unit & Communications	L. Bircher	669	629	(40)	(6)
Democratic Services	A. Davies	874	852	(22)	(3)
Development Control	G. Rhoades - Brown	413	397	(16)	(4)
Dorking Halls	K. Garrow	152	168	16	11
Environmental Health	R. Haddad	403	367	(36)	(9)
Financial Services	P. Mitchell	380	453	73	19
Housing	A. Wilks	345	345	0	0
Human Resources	K. Ivackovic	234	239	5	2
Information Communication Technology	B. Thomas	755	718	(37)	(5)
Legal Services	C. Harris	177	176	(1)	0
Olympics	L. O'Connell	464	46	(418)	(90)
Parks & Landscape	P. Stacey	581	600	19	3
Partnerships & Development	P. McCord	392	298	(94)	(24)
Planning Policy	J. Straw	593	549	(44)	(7)
Planning Support Unit	B. Rogers	210	188	(22)	(11)
Policy & Performance	P. Anderson	142	127	(15)	(11)
Property	P. Brooks	(945)	(957)	(12)	(1)

APPENDIX A: Revenue Forecast Outturn by Service as at 31st October 2012					
		£'000	£'000	£'000	%
Revenues & Exchequer	D. Price	390	375	(15)	(4)
Strategic Management Team	L. O'Connell	860	785	(75)	(9)
Waste Management, Street Cleansing & Sustainability	G. Kane	3,253	3,176	(77)	(2)
Net Cost of Services		10,336	9,814	(522)	(5)
Revenue Support Grant/Formula grant		(2,541)	(2,541)	0	0
Collection Fund Surplus		(61)	(61)	0	0
Council Tax Precept		(6,187)	(6,187)	0	0
Council Tax Freeze Grant		(307)	(307)	0	0
New Homes Bonus Grant		(282)	(282)	0	0
Investment Interest		(307)	(370)	(63)	(17)
Total Non Service Income		(9,685)	(9,748)	(63)	(1)
Impact on General Fund		651	66	(585)	(90)

APPENDIX B**Income Monitoring 2012/13 - as at 31st October 2012**

Income Stream	Budget Manager	Activity/performance indicator and Income profile	Per profile		Per monitoring		Variance	
			Expected to date	Expected to yr end	Actual to date	Projected to yr end	To date	To yr end
Parking - pay and display	Richard Burrows	Tickets purchased Income budgeted £'000	844,470 752	1,490,710 1,327	704,500 673	1,212,300 1,158	139,970 79	278,410 169
Parking - penalty notices (Off St)	Richard Burrows	PCNs issued Off Street Income budgeted £'000	3,499 73	5,726 120	3,060 63	5,300 110	439 10	426 10
Parking - penalty notices (On St)	Richard Burrows	PCNs issued On Street Income budgeted £'000	1,880 47	3,380 85	2,163 61	3,750 105	(283) (14)	(370) (20)
Parking – Parking Permits	Richard Burrows	Income Budgeted £'000	195	239	192	239	3	0
Dorking Halls – events	Keith Garrow	Events taking place Income budgeted £'000	25 152	48 294	18 271	37 277	7 (119)	11 17
Dorking Halls - hire income	Keith Garrow	Hires taking place Income budgeted £'000	275 152	484 294	329 142	690 264	(54) 10	(206) 30
Dorking Halls - cinema income	Keith Garrow	Tickets sold Income budgeted £'000	17,213 101	31,500 177	19,201 96	33,000 177	(1,988) 5	(1,500) 0
Dorking Halls - catering income	Keith Garrow	Income budgeted £'000	39	71	35	68	4	3
Dial-a-ride	Tim Ward	Passenger journeys Income budgeted £'000	17,083 58	28,709 102	17,762 52	29,850 97	(679) 6	(1,141) 5
Day Centres	Tim Ward	User attendances Income budgeted £'000	18,114 20	31,244 33	20,189 19	33,568 32	(2,075) 1	(2,324) 1
Telecare charges - no of subscribers	Tim Ward	Subscribers as at month end Income budgeted £'000	2,471 285	2,471 492	2,428 306	2,428 506	43 (21)	43 (14)
Telecare charges - block contracts	Tim Ward	Contracts as at month end Income expected £'000	104 225	104 320	104 169	104 320	0 56	0 0
Planning fees - applications	Gary Rhoades -Brown	Applications received Income expected £'000	817 224	1,400 384	651 242	1,150 365	166 (18)	250 19

Income Stream	Budget Manager	Activity/performance indicator and Income profile	Expected to date	Expected to yr end	Actual to date	Projected to yr end	To date	To yr end
Land Charges	Brenda Rogers	Searches undertaken	724	1,170	809	1255	(85)	(85)
		Income expected £'000	126	203	156	220	(30)	(17)
Building control fees	Malcolm Dean	Applications received	495	775	472	742	23	33
		Income expected £'000	283	447	238	409	45	38
Licensing – taxis	Richard Haddad	Licenses issued	189	323	266	376	(77)	(53)
		Income expected £'000	46	86	48	77	(2)	9
Licensing – public entertainment	Richard Haddad	Licenses issued	389	666	509	688	(120)	(22)
		Income expected £'000	58	73	61	74	(3)	(1)
Licensing – other	Richard Haddad	Licenses issued	75	110	71	101	4	9
		Income expected £'000	27	42	14	32	13	10
Council Tax	D. Price	Income expected £'000	41,418	57,812	41,105	58,462	(313)	(650)
NNDR	D. Price	Income expected £'000	26,529	36,818	26,697	36,818	(168)	0
Enforcement costs recovered	D. Price	Income expected £'000	55	85	61	90	(6)	(5)
Rents	Brooks	Income expected £'000	1,003	1,829	1,090	1,827	(87)	2
Recycling credits	Graeme Kane	Tons of recycling (MRF and Garden)	9,572	16,657	8,579	16,841	993	(184)
		Income expected £'000	500	872	213	802	287	70
Garden waste scheme subscriptions	Graeme Kane	Monthly renewals (number of bins)	10,572	11,751	10,732	12,294	(160)	(543)
		Income expected £'000	497	552	534	602	(37)	(50)
Special collections	Graeme Kane	Income expected £'000	25	43	27	47	(2)	(4)
Housing rents	Alison Wilks	Tenants as at month end	17	17	18	18	(1)	(1)
		Income expected £'000	57.0	99	64	110	(7)	(11)
Benefit overpayments recovered	Rob Boxall	New debts raised £'000	323	523	388	665	(65)	(142)
		Income expected £'000	268	458	352	603	(84)	(145)

APPENDIX C

CAPITAL PROJECTS - 2012/13 – 2016/17

MAJOR WORKS

Current Major Projects	Manager	Project Budget £000	Expenditure to date £000	Estimated Spend £000	Variance £000	Additional Information
Telecare Equipment	Tim Ward	150	81	150	0	<i>£50,000 budget allocated 2014-15</i>
Dial-a-Ride Vehicle Replacement	Tim Ward	200	4	200	0	<i>£196,000 expected to be spent in future years</i>
Disability Adaptations	Richard Haddad	760	264	760	0	
Affordable Housing	Alison Wilks	1,620	176	1,620	0	<i>£645,000 expected to be spent in 2013-14</i>
Poplar Road	Alison Wilks	77	11	77	0	
S106 Projects	Jack Straw	200	0	160	(40)	
Leatherhead High Street (S106)	Jack Straw	33	23	33	0	
Gypsy Sites	Jack Straw	431	468	468	37	
Ashtead Village Centre	Jack Straw	28	0	50	22	<i>Variance funded from S106</i>
Leatherhead Leisure Centre	Patrick McCord	12,638	12,591	12,638	0	
Community Grants	Patrick McCord	127	52	65	(62)	
LINKS Playing field	Patrick McCord	100	0	100	0	
Dorking Halls – General refurb	Keith Garrow	183	156	190	7	
Betchworth Castle	Paul Brooks	84	49	84	0	
Property projects	Paul Brooks	150	84	150	0	
Keystone House	Paul Brooks	50	47	47	(3)	
Carbon Reduction Project (CRP)	Graeme Kane	300	163	300	0	<i>£97,000 expected to be spent in 2013-14</i>
Multisports Conv. & Renovation	Paul Stacey	73	0	38	(35)	<i>£38,000 expected to be spent in 2013-14</i>
Kingston Rd Pavilion	Paul Stacey	241	233	241	0	
KGV playing field improvements	Paul Stacey	100	11	100	0	<i>£89,000 expected to be spent in 2013-14</i>
*Brockham Big Field changing rooms refurbishment	Paul Stacey	400	380	400	0	<i>£20,000 expected to be spent in 2013-14</i>
**Brockham Big Field – fully reimbursed grant from Football Foundation	Paul Stacey	100	92	100	0	

APPENDIX C

CAPITAL PROJECTS - 2012/13 – 2016/17

Playground Refurbishment	Paul Stacey	82	82	82	0	
Dorking Halls Cinema	Keith Garrow	200	167	180	(20)	
Pippbrook House	Paul Brooks	750	0	750	0	
Lower Lane Rec	Paul Stacey	172	166	167	(5)	
Hit Squad Vehicle	Graeme Kane	60	47	47	(13)	
Capitalised salaries	Janette Gill	340	0	347	7	<i>Year end transfer</i>
Total Major Projects (> £50,000)		19,649	15,347	19,544	(105)	

MINOR CAPITAL WORKS

Current Minor Projects	Manager	Project Budget £000	Expenditure to date £000	Estimated Spend £000	Variance £000	Additional information
Minor Works Contingency	Richard Burrows	69	0	69	0	
Estates & Car Parking (14)	Paul Brooks	321	240	345	24	<i>£35,000 financed by SCC</i>
Sustainability, Waste Management & Street Cleaning (8)	Graeme Kane	158	56	101	(57)	
Information Comm. Tech. (2)	Bob Thomas	50	16	50	0	-
Parks & Landscape (18)	Paul Stacey	292	122	287	(5)	<i>£30,000 expected to be spent in 2013-14</i>
Community Support Services (7)	Tim Ward	107	25	158	51	
Housing (5)	Alison Wilks	62	2	47	(15)	
Dorking Halls (13)	Keith Garrow	189	89	198	9	
Customer Servs Unit & Comms. (3)	Louise Bircher	45	0	45	0	
Planning (1)	Andy Bircher	18	18	18	0	<i>S106 Funded</i>
Total Minor Projects (< £50,000)		1,311	568	1,318	7	
Current 'Live' Capital Projects 2012/13		20,960	15,915	20,862	(98)	

Notes :

Minor works projects include carry forward sums from 2011/12 as well as new projects in 2012/13.

Number in brackets is the number of minor works schemes within the allocated budget.

APPENDIX C

CAPITAL PROJECTS - 2012/13 – 2016/17

The budget for the Photovoltaic Panel Arrays agreed at Executive 12 July 2011 includes a carry forward from 2011/12 that is not included, being approved under 'Part II' provisions

*Brockham Big Field – An additional £200,000 has been included in the capital programme relating to a grant of £200,000 awarded to Dorking Rugby Football Club from MVDC resources.

** £100,000 grant from the Football Foundation. £92,000 paid and reimbursed to date.