

Agenda Item 7

Report of	Nick Gray, Strategic Director
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To	Executive
Date	5th February 2013
Executive Member	Councillor Simon Ling
Ward (s) affected	All
Subject	2012/13 Month 9 Budget Monitoring Report

RECOMMENDATIONS

1. That the Council's year end revenue outturn projection for Month 9 be noted – an underspend of £647,000 (month 8 was £600,000) against the budgeted cost of services of £10,336,000 (6%). This produces a total variance of £703,000 underspent (month 8 was £663,000) when combined with the forecast of improved investment returns. The main underspend is against the cost of the Olympics where the contingency budget of £464,000 is forecast to be £418,000 underspent.

1. Executive Summary

- 1.1 This report sets out the Council's forecast outturn position as at the 31st December 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 on the projected outturn, with more detailed explanations contained within appendices A to C.

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

- 2.1 As detailed in Appendix A, the Council is projecting net expenditure on services of £9,689,000 (month 8 was £9,736,000) against a budget of £10,336,000, i.e. an underspend of £647,000 or 6%.
- 2.2 However, it should be noted that the original budget of £10,336,000 included a £464,000 contingency budget for the cost of running the Olympics. The Council have managed to recoup the majority of the costs associated with the Olympics, which has resulted in a underspend of £418,000 against this contingency budget. Adjusting the underspend reported above to take account for the Olympics contingency, results in a true service underspend of £229,000 (2%) against a budget of £9,872,000.

- 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 underspend variances of less than £50,000 in 12 instances (see Appendix A). A narrative for the major variances is outlined in the paragraphs below.

<u>Service Area</u>	<u>Variance Against Budget £'000</u>
Building Control	73
Car Parking	163
Customer Services Unit & Communications	(52)
Financial Services	85
Strategic Management Team	(87)
Partnerships	(61)
Waste, Street Cleaning & Sustainability	(105)
Other variations (less than £50,000)	<u>(245)</u>
	<u>(229)</u>

- 2.4 Additionally, the Council is projecting that £9,741,000 (month 8 was £9,748,000) will be received in non service income which is £56,000 higher than budget. The total variance including non service income and the Olympics is therefore £703,000 (month 8 was £663,000). The impact on the general fund balances as a result of this underspend will be an increase of £52,000 compared to the original projection of a reduction of £651,000. If sustained to the end of the year, this will enable the Council to pay back to reserves/balances an amount equivalent to the amount withdrawn as part of the original budget plan.
- 2.5 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.
- 2.6 The previous report, on the end of November position (distributed via the Members Extranet before Christmas 2012), projected a total underspend of £663,000. Changes have been marginal since then, resulting in only a £40,000 variation in the full year projection.

3. Major Variances in December Projections

- 3.1 **Building Control:** £73,000 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 £163,000 is due to weaknesses in the previous year's monitoring that led to an overly ambitious income target for 2012/13.
- 3.3 **Customer Services Unit & Communications:** Projected underspend of £52,000. The projected underspend is predominantly due to both the Communications and CSU teams not being at full establishment.

- 3.3 **Financial services:** The £85,000 overspend is due to temporary staffing costs in producing the 2011/12 year-end accounts and assisting with the subsequent audit during the year.
- 3.4 **Partnerships:** An underspend of £61,000 is expected due to additional income from the Sports Centre contracts.
- 3.5 **Strategic Management Team:** An underspend of £87,000 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.
- 3.6 **Waste, Street Cleaning and Sustainability:** The projected underspend of £105,000 is due to staffing savings on Sustainability and savings on the Street Cleaning contract.

4. Capital Programme

- 4.1 The overall position on capital major and minor works is set out at Appendix C.
- 4.2 The reported position is an expected underspend of £412,000 against the programme. This has increased since last month primarily due to reduced spend projections on s106 Projects. In most cases, there will be requests for carry forward of in-year underspends against individual schemes into 2013/14.

5. Corporate Implications

5.1 Legal Implications

There are no legal implications contained within this report.

5.2 Financial and Risk Implications

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

5.3 Equalities Implications

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

5.4 Employment Issues

There are no employment implications in this report.

5.5 Sustainability Issues

There are no sustainability implications in this report.

5.6 Consultation

There are no consultation issues in this report.

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

Service	Manager	2012/13	2012/13	2012/13	Budget	Budget
		Forecast	Forecast	Forecast	Variance	Variance
		Outturn	Outturn	Outturn	(Dec Yr end	(Dec Yr end
		for Nov	for Dec	for Dec	forecast)	forecast)
		£'000	£'000	£'000	£'000	%
Benefits	R. Boxall	256	254	260	4	2
Building Control	M. Dean	(96)	(31)	(23)	73	76
Car Parking	R. Burrows	(1,210)	(1,037)	(1,047)	163	13
Community Support Services	T. Ward	92	118	117	25	27
Corporate Costs	P. Mitchell	952	985	991	39	4
Customer Services Unit & Communications	L. Bircher	669	623	615	(52)	(8)
Democratic Services	A. Davies	874	838	835	(41)	(5)
Development Control	G. Rhoades - Brown	413	397	385	(28)	(7)
Dorking Halls	K. Garrow	152	172	169	17	11
Environmental Health	R. Haddad	403	375	368	(35)	(9)
Financial Services	P. Mitchell	380	466	465	85	22
Housing	A. Wilks	345	347	347	2	1
Human Resources	K. Ivackovic	234	230	218	(16)	(7)
Information Communication Technology	B. Thomas	755	703	712	(43)	(6)
Legal Services	C. Harris	177	172	172	(5)	(3)
Parks & Landscape	T. Wynn	581	573	563	(18)	(3)
Partnerships & Development	P. McCord	392	307	331	(61)	(16)
Planning Policy	J. Straw	593	554	560	(33)	(6)
Planning Support Unit	B. Rogers	210	178	170	(40)	(19)
Policy & Performance	P. Anderson	142	127	125	(17)	(12)
Property	P. Brooks	(945)	(976)	(981)	(36)	(4)

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Service	Manager	2012/13	2012/13	2012/13	Budget	Budget
		Forecast	Forecast	Forecast	Variance	Variance
		Outturn	Outturn	Outturn	(Dec Yr end	(Dec Yr end
		for Nov	for Dec	for Dec	forecast)	forecast)
		£'000	£'000	£'000	£'000	%
Revenues & Exchequer	D. Price	390	374	370	(20)	(5)
Strategic Management Team	L. O'Connell	860	773	773	(87)	(10)
Waste Management, Street Cleansing & Sustainability	G. Kane	3,253	3,168	3,148	(105)	(3)
Service Total		9,872	9,690	9,643	(229)	(2)
Olympics	L. O'Connell	464	46	46	(418)	(90)
Net Cost of Services		10,336	9,736	9,689	(647)	(6)
Revenue Support Grant/Formula grant		(2,541)	(2,541)	(2,541)	0	0
Collection Fund Surplus		(61)	(61)	(61)	0	0
Council Tax Precept		(6,187)	(6,187)	(6,187)	0	0
Council Tax Freeze Grant		(307)	(307)	(307)	0	0
New Homes Bonus Grant		(282)	(282)	(282)	0	0
Investment Interest		(307)	(370)	(363)	(56)	(18)
Total Non Service Income		(9,685)	(9,748)	(9,741)	(56)	1
Impact on General Fund		651	(12)	(52)	(703)	(108)

Income Stream	Activity/performance indicator and Income profile	Per profile		Per December monitoring		Variance of Dec to profile	
		Expected to date	Expected to yr end	Actual to date	Projected to yr end	To date	To yr end
Parking - pay and display	Tickets purchased	1,109,128	1,490,710	976,296	1,305,900	132,832	184,810
	Income budgeted £'000	987	1,327	865	1,158	122	169
Parking - penalty notices (Off St)	PCNs issued Off Street	4,419	5,726	3,974	5,216	445	510
	Income budgeted £'000	93	120	84	110	9	10
Parking - penalty notices (On St)	PCNs issued On Street	2,540	3,380	2,778	3,765	(238)	(385)
	Income budgeted £'000	64	85	77	105	(13)	(20)
Parking – Parking Permits	Income Budgeted £'000	224	239	206	239	18	0
Dorking Halls – events	Events taking place	35	48	28	37	7	11
	Income budgeted £'000	209	294	297	277	(88)	17
Dorking Halls - hire income	Hires taking place	351	484	437	690	(86)	(206)
	Income budgeted £'000	209	294	233	269	(24)	25
Dorking Halls - cinema income	Tickets sold	23,791	31,500	27,510	35,000	(3,719)	(3,500)
	Income budgeted £'000	139	177	143	188	(4)	(11)
Dorking Halls - catering income	Income budgeted £'000	54	71	54	72	0	(1)
Dial-a-ride	Passenger journeys	21,744	28,709	19,378	25,585	2,366	3,124
	Income budgeted £'000	77	102	70	96	7	6
Day Centres	User attendances	23,636	31,244	25,450	33,054	(1,814)	(1,810)
	Income budgeted £'000	25	33	24	33	1	0
Telecare - subscribers	Subscribers as at month	2,471	2,471	2,715	2,715	244	244
	Income budgeted £'000	376	492	382	509	(6)	(17)
Telecare - block contracts	Contracts as at month end	104	104	104	104	0	0
	Income expected £'000	237	320	241	320	(4)	0
Planning fees - applications	Applications received	1,049	1,400	821	1,100	228	300
	Income expected £'000	288	384	305	375	(17)	9

Income Stream	Activity/performance indicator and Income profile	Per profile		Per December monitoring		Variance of Dec to profile	
		Expected to date	Expected to yr end	Actual to date	Projected to yr end	To date	To yr end
Land Charges	Searches undertaken	902	1,170	1,024	1,260	(122)	(90)
	Income expected £'000	157	203	195	233	(38)	(30)
Building control fees	Applications received	580	775	556	736	24	39
	Income expected £'000	345	447	290	395	55	52
Licensing – taxis	Licenses issued	243	323	351	411	(108)	(88)
	Income expected £'000	62	86	62	75	0	11
Licensing – public entertainment	Licenses issued	500	666	632	740	(132)	(74)
	Income expected £'000	66	73	68	75	(2)	(2)
Licensing – other	Licenses issued	89	110	139	157	(50)	(47)
	Income expected £'000	33	42	17	22	16	20
Council Tax	Income expected £'000	51,767	57,812	52,190	57,812	(423)	0
NNDR	Income expected £'000	33,389	36,818	33,861	36,818	(472)	0
Enforcement costs recovered	Income expected £'000	69	85	74	90	(5)	(5)
Rents	Income expected £'000	1,330	1,829	1,478	1,889	(148)	(60)
Recycling credits	Tonnes of recycling (MRF and Garden)	12,520	16,657	13,106	17,030	(586)	(373)
	Income expected £'000	654	872	686	891	(32)	(19)
Garden waste scheme subscriptions	Monthly renewals (number of bins)	11,030	11,751	11,995	12,849	(965)	(1,098)
	Income expected £'000	518	552	564	604	(46)	(52)
Special collections	Income expected £'000	32	43	33	43	(1)	0
Housing rents	Tenants as at month end	17	17	18	18	(1)	(1)
	Income expected £'000	74	99	*	110	*	(11)
Benefit overpayments recovered	New debts raised £'000	381	523	527	702	(146)	(179)
	Income expected £'000	342	458	487	649	(145)	(191)

* Data not available at present

APPENDIX C

CAPITAL PROJECTS - 2012/13 – 2016/17

MAJOR CAPITAL 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	£50,000 budget allocated 2014-15
Dial-a-Ride Vehicle Replacement	Tim Ward	200	46	200	0	£154,000 expected to be spent in future years
Disability Adaptations	Richard Haddad	760	351	600	(160)	£326,000 funded from DFG
Affordable Housing	Alison Wilks	1,620	176	1,620	0	£645,000 expected to be spent in 2013-14
Poplar Road	Alison Wilks	77	11	77	0	
S106 Projects	Jack Straw	200	0	0	(200)	
Leatherhead High Street (S106)	Jack Straw	33	23	33	0	
Gypsy Sites	Jack Straw	431	468	468	37	
Ashted Village Centre	Jack Straw	28	0	50	22	Variance funded from S106
Leatherhead Leisure Centre	Patrick McCord	12,638	12,594	12,638	0	
Community Grants	Patrick McCord	127	59	65	(62)	
LINKS Playing field	Patrick McCord	100	0	100	0	
Dorking Halls – General refurb	Keith Garrow	183	156	183	0	
Betchworth Castle	Paul Brooks	84	60	84	0	
Property projects	Paul Brooks	150	89	150	0	
Keystone House	Paul Brooks	50	47	47	(3)	
Carbon Reduction Project (CRP)	Graeme Kane	300	163	300	0	£97,000 expected to be spent in 2013-14
Multisports Conv. & Renovation	Tony Wynn	73	0	38	(35)	£38,000 expected to be spent in 2013-14
Kingston Rd Pavilion	Tony Wynn	241	233	241	0	
KGV playing field improvements	Tony Wynn	100	11	100	0	£89,000 expected to be spent in 2013-14
*Brockham Big Field changing rooms refurbishment	Tony Wynn	400	380	400	0	£20,000 expected to be spent in 2013-14
**Brockham Big Field – fully reimbursed grant from Football Foundation	Tony Wynn	100	92	100	0	
Playground Refurbishment	Tony Wynn	82	82	82	0	
Dorking Halls Cinema	Keith Garrow	200	169	175	(25)	
Pippbrook House	Paul Brooks	750	0	750	0	£750,000 expected to be spent in 2013-14
Lower Lane Rec	Tony Wynn	172	166	167	(5)	
Hit Squad Vehicle	Graeme Kane	60	47	47	(13)	
***Kingston Rd Gasometer (Contaminated Land)	Richard Haddad	212	30	197	(15)	£160,000 Environment Agency contaminated land grant reflects lower expenditure
Depot Relocation	Graeme Kane	210	0	210	0	Option deposit and consultants
Property Projects Advancement	Paul Brooks	135	0	135	0	Marketing and legal advice

APPENDIX C

CAPITAL PROJECTS - 2012/13 – 2016/17

Capitalised salaries	Phil Mitchell	340	434	434	94
Total Major Projects (> £50,000)		20,206	15,968	19,841	(365)

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	9	0	9	0	
Estates & Car Parking (15)	Paul Brooks	391	297	385	(6)	£35,000 financed by SCC. £11,000 expected to be spent in 2013-14
Sustainability, Waste Management & Street Cleaning (8)	Graeme Kane	158	56	101	(57)	
Information Comm. Tech. (2)	Bob Thomas	50	35	50	0	-
Parks & Landscape (18)	Tony Wynn	292	126	298	6	£49,000 expected to be spent in 2013-14
Community Support Services (7)	Tim Ward	132	27	148	16	
Housing (5)	Alison Wilks	62	15	48	(14)	
Dorking Halls (13)	Keith Garrow	189	114	197	8	£10,000 expected to be spent in 2013-14
Customer Servs Unit & Comms. (3)	Louise Bircher	45	3	45	0	
Planning (1)	Andy Bircher	18	18	18	0	S106 Funded
Total Minor Projects (< £50,000)		1,346	691	1,299	(47)	
Current 'Live' Capital Projects 2012/13		21,552	16,659	21,140	(412)	

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.

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.

*** Kingston Rd Contaminated Land - Executive Report 6th March 2012. £40,000 MVDC resources, £172,000 contaminated land grant. The expenditure is expected to be lower and the grant claimed is £160,000.

