

CABINET

12 September 2012

THE OVERVIEW & SCRUTINY COMMITTEE

17 September 2012

GENERAL FUND BUDGET – REVIEW 2012/13

REPORT OF HEAD OF FINANCE

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RECENT REFERENCES:

CAB2297: Budget and Council Tax 2012/13, 8 February 2012

CAB2343: Revenue Outturn 2011/12, 13 June 2012

CAB2362: Financial Strategy 2013/14 to 2015/16, 4 July 2012

EXECUTIVE SUMMARY:

This report provides an update on the General Fund budget forecast for 2012/13 and in the light of actual income and expenditure in the year to date, proposes no revisions.

RECOMMENDATIONS:

To Cabinet:

That the General Fund Review for 2012/13 be noted.

To The Overview & Scrutiny Committee:

That The Overview & Scrutiny Committee considers whether it wishes to make any comments to the Cabinet on the General Fund Review for 2012/13.

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1 Background

- 1.1 The General Fund Original Estimate for 2012/13, approved by the Council in February, has been updated to reflect brought forward one-off expenditure (approved by the Council in July) totalling £417k, and supplementary estimates amounting to £77k. This represents the approved “working budget”.
- 1.2 A review of actual income and expenditure in the year to July, compared to this budget, has produced an updated forecast, and as a consequence no proposals are being made for adjustments to the budget.
- 1.3 The Working Budget will also be used as the baseline for setting the budget for 2013/14.

2 Review of Income and Expenditure

Employees

- 2.1 The 2012/13 budget for employee savings is £300k comprising £200k for Organisational Development (recurring permanent savings) and £100k for Flexible Resource Management (temporary annual savings). The Organisational Development savings have substantially been identified for the year and in respect of FRM, £71k has been achieved in the year to July.
- 2.2 A report to Cabinet (Local Development Framework) Committee (Report CAB2376(LDF) refers) is requesting a budget virement of £71,400 towards the Local Plan costs to be funded by increasing the FRM target for 2012/13 by the same amount. This is considered to be an achievable increased target.

Non- Pay costs

- 2.3 The Guildhall trading account is showing an adverse variance to the budget in the first part of the year and it is proposed to utilise the available general contingency budget, to cover this, for the current year only. The forecasts for 2013/14 will be reviewed as part of the budget setting process.
- 2.4 The general contingency budget is £150k which was set to reflect the budget uncertainties outside of the Council’s control, for example reductions in income because of the poor economic climate. Any unspent amounts at the year end will be used to replenish reserves.
- 2.5 The risks associated with the new Environmental Services Contract arrangements were also recognised with a contingency budget of £125k.

Proposals have come forward for contract variations utilising £55k of this contingency. Street Cleansing will cost an additional £45k on a recurring basis, and Dog Control an additional £10k for 2012/13 only.

- 2.6 The Budget for Planning fee income is £650k (2011/12 outturn was £510k). Income for the year to July amounted to £156k; 24% of the full year budget. The receipt of major applications can significantly affect this income and it is being closely monitored. A ministerial announcement released on 3 July gives notice that planning fees are expected to rise by 15% commencing in Autumn 2012. The closing date for the consultation is the 11th September, after which the full details and commencement date will be announced. Until these details are released it is not known exactly what the impact on the Council fee income will be, although if the fees were raised across the board this would equate to just under £100k additional income in a full year (based on the budgeted level of activity). The announcement also means that the localisation of planning fees will continue to be put on hold.
- 2.7 Car Park income for the year to July is higher than budget by £60k (c.1%). A review of car parking is planned to be brought to Cabinet in the near future and in consideration of the volatility of this to factors outside of the Council's control it is not proposed to revise the budget for this at this stage.
- 2.8 Inevitably there are various other budget variations identified through monitoring, all of which at this stage can be dealt with as virements within the Council's Financial Procedure Rules.

OTHER CONSIDERATIONS:

3 SUSTAINABLE COMMUNITY STRATEGY AND CHANGE PLANS (RELEVANCE TO):

- 3.1 The Budget supports the delivery of the Council's Change Plans and the Winchester District Sustainable Community Strategy.

4 RESOURCE IMPLICATIONS:

- 4.1 As outlined in the paper.

5 RISK

- 5.1 The risk of a revenue budget overspend is covered by Corporate Risk CR5004 and is mitigated by actions included in the Financial Strategy and ensuring that appropriate monitoring and reporting procedures are in place for the Council to manage performance against budgets effectively.
- 5.2 A risk assessment was included in the budget setting report for 2012/13 together with the mitigating actions which have supported this review.
- 5.3 The Council maintains a General Fund working balance of £2m which is considered to be appropriate.

BACKGROUND DOCUMENTS:

Working papers held within the Finance Team.