

# **Report to the Finance & Performance Management Scrutiny Panel**



**Date of meeting: 18 September 2012**

**Portfolio: Finance & Technology**

**Subject: Quarterly Financial Monitoring**

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## **Recommendations/Decisions Required:**

**That the Panel note the revenue and capital financial monitoring report for the first quarter of 2012/13;**

## **Executive Summary**

The report provides a comparison between the original estimate for the period ended 30 June 2012 and the actual expenditure or income as applicable.

## **Reasons for proposed decision**

To note the first quarter financial monitoring report for 2012/13.

## **Other options for action**

No other options available.

## **Report:**

1. The Panel has within its terms of reference to consider financial monitoring reports on key areas of income and expenditure. This is the first quarterly report for 2012/13 and covers the period from 1 April 2012 to 30 June 2012. The reports are presented based on which directorate is responsible for delivering the services to which the budgets relate.
2. Salaries monitoring data is presented as well as it represents a large proportion of the authorities expenditure and is an area where historically large under spends have been seen.

## **Revenue Budgets (Annex 1 – 9)**

3. Comments are provided on the monitoring schedules but a few points are highlighted here as they are of particular significance. The salaries schedule (Annex 1) shows an underspend of £167,000 or 3.4%. This compares to 3.9% at this time last year.
4. Within Building Control some posts have been held vacant so that resources can be matched more closely with workload hence the quite large underspend in percentage terms reported here. Having said that this only amounts to £9,000 in monetary terms. Although in the previous year the underspend was more significant. There is a substantial saving shown on Office of the Chief Executive this is due to the budget assuming the post of Chief Executive would be filled for the whole of 2012/13. The post is due to be filled

from week commencing 1st October, so there will be a one off saving in 2012/13 as a result. The acting Chief Executive is accounted for under the Office of the Deputy Chief Executive hence the slight overspend reported here.

5. Investment interest levels in 2012/13 are slightly below expectation at quarter1, and significantly below the prior year. There is no obvious sign of rates improving even in the longer term at the moment. Investment returns in the prior year were higher as there were still some longer term deals maturing at better rates than those available now.
6. The Council had received £1.872m of the original £2.5m investment placed with Heritable Bank as at 30 June 2012, this now brings the recovery up to 74.5%. Indications are that the Council can still expect to recover between 86 and 90% of the original investment. The final payment is not due to be received until the end of 2012/13.
7. Development Control income at Month 3 is £13,000 below expectations, Generally applications so far this year have been quite small, though pre-application income has exceeded the full year budget already which may indicate that some larger applications are on the way. The income estimate for 2012/13 will be reassessed during the 2013/14 budget process to see whether or not there is a need to adjust the budget.
8. Building Control income is also down, but by £18,000. Activity in the building industry at a low level and fewer applications are coming through. Having said that expenditure is down by an equivalent amount. The original estimate predicted a surplus on the account of around £20,000 and the month 3 position suggests that this has not changed significantly.
9. Hackney Carriage and other licensing income is in line with expectations.
10. Income from MOT's carried out by Fleet Operations is below expectations. There were some difficulties whilst the new ramp was installed and income at month 3 is £6,000 below target, having said that expenditure on salaries is down by a similar amount.
11. Local Land Charge income is broadly in line with the prior year and above the original estimate which suggests, as last year, income will exceed budget for the year. There is though still significant uncertainty surrounding the future for charging for these services which may or may not be resolved during the financial year.
12. The Housing Repairs Fund shows an underspend of £442,000. However a larger than average proportion of the expenditure is seasonal falling in the winter months. The budgets will be revised shortly and there may be a saving here.
13. Payments to the Waste Management contractor have been in line with expectations and variances are minimal. The payments represent one months charges. In 2011/12 though two months had been paid at this point. After a period when the contractor was generally submitting invoices quickly after the month end they appear to have reverted to the situation in 2010/11 when invoicing was quite slow. In fact the April invoice was paid late in June more than a month later than the equivalent invoice in 2011/12.
14. It is too early in the financial year to be certain, but income levels are a little down on expectations but there is time for the shortfall to be made up. The budgets will be revisited over the next few months and where appropriate be revised in line with expectations.

#### **Capital Budgets (Annex 10 - 16)**

15. Tables for capital expenditure monitoring purposes (annex 10 -16) are included for the three months to 30 June. There is a brief commentary on each item highlighting the scheme progress.

16. The full year budget for comparison purposes is the original budget updated for budgets carried forward from 2011/12 as part of the Provisional Outturn Report considered at the June meeting.

### **Major Capital Schemes**

17. The Limes Farm Hall Development started at the end of the previous financial year and there is a table and related commentary at annex 17.

### **Conclusion**

18. Generally income is a little down on expectations but expenditure is too. It is a little early to draw any firm conclusions from this other than to note that this is the case.

19. The panel is asked to note the position on both revenue and capital budgets as at Month 3.

### **Consultations Undertaken**

This report has been circulated to Portfolio-holders. An oral update will be provided to cover any additional comments or information received from Portfolio-holders.

### **Resource Implications**

There is no real evidence at this stage to suggest that the net budget set will not be met, however the economic climate is somewhat volatile and it is difficult to predict what is going to happen in the short to medium term let alone the longer term.

### **Legal and Governance Implications**

Reporting on variances between budgets and actual spend is recognised as good practice and is a key element of the Council's Governance Framework.

### **Safer, Cleaner, Greener Implications**

The Council's budgets contain spending in relation to this initiative.

### **Background Papers**

Various budget variance working papers held in Accountancy.

### **Impact Assessments**

#### Risk Management

These reports are a key part in managing the financial risks faced by the Council. In the current climate the level of risk is increasing. Prompt reporting and the subsequent preparation of action plans in Cabinet reports should help mitigate these risks.

#### Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications?	No
Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken?	No

What equality implications were identified through the Equality Impact Assessment process?  
None

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?  
N/A