

Cabinet

14 November 2012



**Forecast of Revenue and Capital
Outturn 2012/13 for General Fund and
Housing Revenue Account – Period to
30 September 2012**

Report of Corporate Management Team

Don McLure, Corporate Director Resources

Councillor Alan Napier, Portfolio Holder for Resources

Purpose of the Report

- 1 To provide Cabinet with a forecast of 2012/13 revenue and capital outturn for the period to 30 September 2012 for the Council's General Fund and Housing Revenue Account.

Background

- 2 This report updates the information presented to Cabinet on 12 September showing the forecasted revenue and capital outturn based on expenditure and income up to 30 June 2012 and incorporates the recommended changes to cash limits within Service Groupings agreed at that time.

Revenue

Current Position to 30 September 2012

- 3 The table overleaf compares the forecast with the revised budgets and is shown in more detail in Appendices 2 and 3:
- 4 The following adjustments have been made to the Original Budget:
 - (i) agreed budget transfers between Service Groupings;
 - (ii) additions to budget for items outside the cash limit (for Cabinet approval);
 - (iii) planned use of or contribution to Earmarked Reserves (see Appendix 4).

	Original Budget	Budget - incorporating adjustments	Service Groupings Forecast of Outturn	Forecasted Variance
	£'000	£'000	£'000	£'000
Assistant Chief Executive	11,369	11,093	10,866	-227
Children and Adults Services	273,278	262,471	260,137	-2,334
Neighbourhood Services	98,176	110,273	111,560	1,287
Regeneration and Economic Development Resources	42,513	43,790	43,092	-698
Contingencies	20,369	21,868	20,940	-928
	11,248	10,447	10,447	0
NET COST OF SERVICES	456,953	459,942	457,042	-2,900
Capital charges	-49,115	-49,115	-49,115	0
Interest and Investment income	-577	-577	-1,425	-848
Interest payable and similar charges	30,715	30,794	27,791	-3,003
Net Expenditure	437,976	441,044	434,293	-6,751
Funded By:				
Council tax	-201,788	-201,788	-201,788	0
Council tax freeze grant	-4,989	-4,989	-4,989	0
Use of earmarked reserves	-2,633	-5,600	-5,600	0
Revenue Support Grant	-4,245	-4,245	-4,245	0
Re-distributed Non Domestic Rates	-219,006	-219,006	-219,006	0
New Homes Bonus	-2,551	-2,551	-2,551	0
LACSEG Grant	0	0	-637	-637
Forecast contribution to Cash Limit Reserve	-2,764	-2,865	35	2,900
Forecast contribution to General Reserves	0	0	4,488	4,488
TOTAL	-0	0	0	0

Note: Negative figures in the variance column represent an underspend

- 5 The sums Service Groupings have proposed as being outside the Cash Limit are detailed below:

SERVICE GROUPING	PROPOSAL	Amount
		£m
Neighbourhoods	Flooding	0.508
	Olympic Torch Event	0.178
	Premier Waste Income	0.275
RED	Whinney Hill School – Security (Surplus Property)	0.080
	Concessionary Fares	-0.333
Resources	Contribution to Newcastle Airport Support	0.084
	Coroner's Service	0.008
Total		0.800

- 6 After adjusting the budgets as detailed above the forecast outturn for Cash Limit Reserves and the General Reserve are summarised in the table below:

Type of Reserve	Opening Balance as at 1 April 2012	Budgetted use at 1 April 2012	Movement during 2012/13		2012/13 Forecast Outturn
			Planned contribution to (-) or use of reserve	Contribution to (-) or use of reserve	
	£m	£m	£m	£m	£m
Service Grouping Cash Limit					
Assistant Chief Executive	-1.133	0.344	0.111	-0.227	-0.905
Children and Adults Services	-8.092	2.320	0.000	-2.334	-8.106
Neighbourhoods	-2.205	0.100	0.142	1.287	-0.676
Regeneration and Economic Development	-2.960	0.000	0.207	-0.698	-3.451
Resources	-1.496	0.000	-0.359	-0.928	-2.783
TOTAL CASH LIMIT RESERVE	-15.886	2.764	0.101	-2.900	-15.921
General Reserve	-21.874	0.000	0.000	-4.488	-26.362

- 7 The forecasted increase in the level of cash limit and general reserves is a prudent position for the Council to be in during a period of unprecedented and continuing spending reductions.
- 8 The reasons for the major variances are detailed by each Service Grouping below.

Assistant Chief Executive

- 9 At the end of September ACE is reporting a forecast outturn underspend of £0.227m for the year, after accounting for the use of earmarked reserves to carry out planned activity in relation to the implementation of the Community Building initiative.

- 10 The forecast underspend is a managed position, reflecting the proactive management of activity by Heads of Service across ACE to remain within the cash limit.
- 11 In line with corporate policy employees are budgeted at 97%. As a result of low vacancy levels within the service following restructures (driven by the requirement to meet MTFP savings targets) employee costs are forecasting a small overspend £53k representing 0.8% of the employees' budget. The forecast overspend in employees is being managed within the service by adjusting planned activity elsewhere within ACE to ensure this overspend is offset
- 12 The Premises and Transport and Supplies and Services areas of activity are under constant review by managers to minimise spending while still delivering a high level of service and as a result they are expected to deliver a £0.144m underspend. It is of note that the forecast underspend expected by managers is quoted after accounting for additional expenditure of £0.123m to undertake additional service provision which has been 100% funded from external income Identified and accessed by ACE managers.
- 13 Income is forecast to over recover by £0.131m. As noted above this primarily is related to activity within Partnership and Community Engagement where managers have been able to identify and access additional funding to support additional activity within the AAP areas (£0.118m). Additionally support of the 'Police and Crime Panel' which is being co-ordinated by the Overview and Scrutiny function has lead to further income of £13k.
- 14 Each of the 14 area action partnerships (AAP) have an 'Area' budget to contribute to local projects of £0.120m in 2012/13. Combined with revenue budgets carried forward from previous years (related to committed expenditure on agreed projects), the total revenue budget across all 14 AAP's is £2.370m. To date £0.710m has been expended with detailed planning processes already confirming additional activity for 2012/13 financial year with a value of £1.004m. It is anticipated that the remaining £0.656m will be committed to investments in 2013/14 prior to the end of 2012/13.
- 15 Each elected member has a 'Member's Neighbourhood budget' of £25k for priorities in their local AAP areas made up of £15k revenue budget and £10k capital. Revenue funding to members is to reduce by £5k per member in 2013/14. Prior to 2012/13 all underspends on these budgets have been carried forward, however with Local Elections in May 2013 only committed budgets will be carried forward into 2013/14.
- 16 In 2012/13 Member's Neighbourhood revenue budget, including sums carried forward from the previous year, totalled £3.495m. Planning and approval processes are currently underway to determine activity in 2012/13. Currently it is expected that £1.315m will be committed to investments.

Children and Adults Services

- 17 The 2012/13 projected outturn position for Children and Adults Services (CAS) as at 30 September 2012 is a cash limit underspend of £2.334m. This takes into account adjustments for sums outside the cash limit such as redundancy costs which are met from the MTFP Redundancy Reserve, capital accounting entries and use of / contributions to earmarked reserves.

18 The main reasons accounting for the projected outturn position are as follows:

- Early achievement of a number of future year MTFP management and support service proposals, together with the careful management and control of vacancies and general budgets across the service has created a projected net underspend for the year of approximately £2.7m;
- Net spend on care packages is approximately £0.8m below budget. This area of spend is closely monitored to assess the impact of demographic changes. Savings have arisen from consistent and effective application of the existing eligibility criteria, reducing the level of care packages subsequently commissioned. The service is reviewing its approach to current savings in order to consider increasing the saving associated with consistent application of eligibility criteria. This will need to be carefully considered in light of transition cases, potential for ordinary residence claims and the potential for increased care package costs linked to older carers and general increases in demand;
- CAS managers have reviewed plans in respect of available one-off additional funding, which has created an in-year contribution to the overall cash limit of £0.78m. It is anticipated that this funding will be utilised in part to resource the work associated with the outcomes of the LGA efficiency review work linked to the transformation agenda in social care for children and adults;
- To assist in the management of the demographic pressures facing the service over the MTFP period, the service has targeted a planned underspend for 2012/13, repeating the approach applied in previous years, and a further contribution of £2m to the reserve for demographic pressures/hyperinflation is being actioned during the year;
- There continues to be pressures in the Children's Care budget in relation to external placements and the cost of internal foster carers. The forecast outturn position indicates an overspend of £1.367m in relation to these elements of the budget. The revised forecast takes into account two high cost placements with an additional cost of £0.26m, a school placement of £70k and increases in independent fostering agency costs of £0.17m since quarter 1.
- A further area of overspend within Children's Care is in transport, where the funding of contact visits authorised by courts and excess school travel costs are forecast to exceed budget by £0.52m.
- These overspends are partially offset by underspends within the direct staff, supplies and services and direct payments budgets within Children's Care of £1.04m, leaving a net forecast overspend of £0.98m in respect of Children's Care.
- Savings of £1.1m across employees and supplies and services within One Point, Countywide Services and Achievement Services are forecast to the year end, whilst the Home to School transport outturn

forecast is within budget to the year end, achieving the MTFP savings requirements this year.

- 19 Taking the projected outturn position into account, the cash limit reserve to be carried forward for Children and Adults Services £8.105m.

Neighbourhood Services

- 20 The forecast revenue outturn for 2012/13 is currently showing an overspend of £1.287m, after taking account of the forecast use of reserves, and items outside the cash limit.

- 21 Since the Quarter 1 outturn report was presented to Cabinet, the Neighbourhoods revenue budget has been revised to take account of transfers between Neighbourhood Services and other Service Groupings. These principally involve an increase in the budget to reflect the transfer of Libraries, Heritage and Culture (£9.669m) from CAS, and a reduction of £0.2m to reflect the redistribution of Disturbance Allowances budget to other Service Groupings. This has resulted in a revised revenue budget for the service grouping of £110.209m.

- 22 The main reasons for the projected overspend of £1.287m are as follows;

- There is a forecast overspend of £0.111m due to a fall in the projected income from Trade Refuse, and also £0.323m due to a loss of income for the sale of dry recyclates as a result of falling market prices.
- In addition, there is a forecast overspend within Direct Services of £0.286m due to a shortfall of contracted works within Grounds Maintenance, reduced sales within Catering, and additional overtime which both relates to Alternate Weekly Collections, and the impact of the severe weather conditions on grass cutting.
- There is a forecast overspend of £0.130m in relation to Sport and Leisure which is mainly due to the anticipated delay in the closure of the Lamplight Centre which is an MTFP efficiency saving in the current year. Discussions have been progressing with Stanley Town Council about the possibility of them taking over the running of the centre, and they are intending to consider a report on 13 November regarding a business plan and structural survey, before confirming their intentions. It has been emphasised to the Town Council that public consultation will be required in the very near future, which potentially could result in the withdrawal of the facility, so a decision from them is required imminently.
- There is a projected underspend of £0.948m within Strategic Waste, associated with savings from reduced levels of waste being generated, principally due to the economic climate, and the introduction of Alternate Weekly Collections.
- There is a forecast overspend of £1.37m due to lower levels of anticipated income within Highways Operations. Work is ongoing in terms of identifying additional work, and also areas where costs can be reduced.

- 23 While the service is currently forecasting an overspend of £1.287m, it should be noted that the opening balance on the cash limit reserve for the service grouping after planned usage is taken into account is £1.963m.

Regeneration and Economic Development (RED)

- 24 The 2012/13 forecast outturn for Regeneration and Economic Development is a cash limit underspend of £0.698m. This takes into account adjustments for sums outside the cash limit such as redundancy costs which are met from the MTFP Redundancy Reserve, year end capital accounting entries and use of / contributions to earmarked reserves.

- 25 The main reasons accounting for the forecast outturn position are shown below:

- Strategy Programmes and Performance - £35k saving due to the freezing of vacant posts and other general efficiency savings on Supplies and Services.
- Economic Development and Housing - £0.297m underspend primarily due to savings on employee costs resulting from vacant posts, maternity leave and staff now working reduced hours.
- Planning and Assets - £0.486m underspend which is broken down into a £0.589m underspend in the Planning service and a £0.103m overspend on Assets. Building control income is lower than budget by £0.200m although planning fee income is higher and is offsetting this budget pressure. The underspend in the Planning service results from vacant posts and other efficiency savings on Transport, Supplies and Services, etc. Assets is experiencing income pressures mainly from Newgate Street in Bishop Auckland, the Bracken Centre and Millennium Square in Durham City where rental income is not being achieved.
- Transport - £0.120m overspend which is primarily due to the non-realisation of budgeted vacancy savings and additional costs incurred for agency staff to cover for sickness on statutory duties.

Resources

- 26 The Service is reporting a forecast cash limit underspend of £0.928m. This takes into account adjustments for sums outside the cash limit such as redundancy costs which are met from the MTFP Redundancy Reserve, capital accounting entries and use of / contributions to earmarked reserves.

- 27 The main reasons accounting for the projected outturn position are as follows:

- Employee costs are forecast to be £1.515m below budget, which is primarily as a result of the planned early achievement of 2013/14 MTFP saving requirements linked to the unitisation of Finance and Human Resources. Proactive management of vacancies within Legal and Democratic Services, Internal Audit and ICT is intended to minimise the cost and disruption of restructures planned for 2013/14. The restructures are designed to achieve the 2013/14 MTFP savings

requirements but contribute significantly to the forecast underspend in 2012/13.

- Premises and transport are forecast to marginally underspend by £80k in total. The forecast underspend is due mainly to reduced spend on travel.
- Supplies and Services costs are forecast to overspend by £0.673m. Contributing to the overspend are costs in Finance associated with the introduction of Hyperion and Business Intelligence budgeting tools; the cost of outsourced work packages in respect of Benefits and within ICT additional one-off costs for maintenance of the current telephony system which is in the process of being replaced as part of the capital programme.
- Whilst Housing / Council Tax Benefit payments (included in transfer payments and Central Support) are forecast to overspend by £2.294m, this is offset by additional subsidy from Government and therefore has a net nil impact. These budgets are treated as outside the Resources cash limit.

28 Sums treated as outside the cash limit total £96k and consist of the following items:

- a £84k contribution to the 'Beacon' project in respect of Newcastle Airport;
- £8k in respect of the Coroners Service;

29 A range of activities result in an utilisation of a net £0.451m of earmarked reserves held corporately and within Resources.

- £0.813m use of the MTFP Redundancy Reserve;
- £56k use of the Equal Pay reserve to fund the implementation of the Job Evaluation exercise;
- £0.418m contribution to the procurement reserve from over recovery of supplier rebate income.

30 Taking the projected outturn position into account, the cash limit reserve to be carried forward for Resources is £2.784m.

Central Budgets

- Interest Payable and Similar Charges - Capital Financing

31 A review of capital financing costs has led to a forecast underspend of £3.003m. This saving is being achieved due to lower than forecast interest rates on loans and borrowing taking place later than estimated due to higher levels of cash balances than forecast.

- Interest and Investment Income

- 32 The forecast of outturn is an overachievement of income of £0.848m which is due to a higher than anticipated level of cash balances. This is due in the main to slower than expected use of reserves and capital spend.

- Local Authority Central Spend Equivalent Grant (LACSEG) Fund

- 33 Following a successful legal challenge Durham County Council has received an amount of £0.637m in 2012/13 in respect of the Government's top slice of the LACSEG grant in 2011/12 which has now been proved to have been 'illegal'. This payment will be used to offset any redundancy costs associated with downsizing of "centrally managed" Behavioural Support Services, following the decision by the Schools Forum on 15 October 2012 not to "de-delegate" Dedicated School Grant to fund these pan-county strategic services from 1 April 2013. At present the payment has been added to the Council's general reserves and future reports will detail the redundancy costs as they become known.

Earmarked Reserves Forecast

- 34 Appendix 4 details the forecast use of Earmarked Reserves in 2012/13. Based on the latest forecast the position at the end of the year is estimated to be as follows:

	Non-Schools	Schools and DSG	Cash Limits	TOTAL
	£m	£m	£m	£m
Opening Earmarked Balances as at 1 April 2012	-59.439	-25.100	-15.886	-100.425
Less				
Forecasted use of / contribution to (-) Earmarked Reserves	5.600	0.000	-0.035	5.565
Closing Earmarked Reserve Balance as at 31 March 2013	-53.839	-25.100	-15.921	-94.860

Housing Revenue Account (HRA)

- 35 In summary, the HRA shows a balanced outturn position on the revenue account after using a projected surplus of £0.868m towards the capital programme. The main variances are explained below:

- Repairs and Maintenance £0.352m overspend – this results from an increased cost per void as a result of the implementation of the lettable standard scheme in 2010/11. In addition an overspend is being incurred as a result of problems encountered with specific Gas Boilers purchased prior to LGR, which are now out of warranty;

- Supervision and Management £0.243m underspend – this is a managed underspend on the Service Improvement budget to compensate for the overspend on Repairs and Maintenance;
- HRA Subsidy £94k underspend – this is a refund due to the Council resulting from Housing Subsidy payments made to the DCLG in 2011/12;
- Interest Payments £0.884m underspend – this results from a lower interest rate and lower average debt during the year. The savings will be used to support the capital programme in lieu of borrowing.;
- Revenue Support to Capital £0.868m surplus – the balancing item on the HRA which identifies the potential resources available to support the capital programme and reduce our reliance on borrowing.

Capital

Background

- 36 The General Fund (GF) capital budget for 2012/13 was set at £197.436m and was approved by Cabinet on 22 February 2012. Re-profiling from the 2011/12 capital programme into 2012/13, amounting to £32.213m, was reported to Cabinet on 11 July 2012.
- 37 The Housing Revenue Account (HRA) budget was set at £44.854m with re-profiling of £1.465m from 2011/12 to 2012/13.
- 38 The Capital Member Officer Working Group (MOWG) has since reviewed the capital programme and taken into account further developments and analysis of changes and demands on resources. The recommendations following the MOWG review are included in this report.

Current Position

- 39 As part of the Medium Term Financial Plan 2, services have re-profiled the capital programme over the years in which expenditure is expected to be incurred.
- 40 The tables below summarise the original budget, slippage and revisions reported to MOWG. The tables also show the forecast outturn for each service and actual spend as at 30 September 2012:

General Fund Capital Programme 2012/13

Service	Original Budget	Slippage from 2011/12	Amendments recommended by MOWG	Revised Budget 2012/13	Projected Outturn 2012/13	Actual Spend to 30 Sept 2012
ACE	3,703	641	-1,911	2,433	2,433	435
CAS	98,639	12,745	-15,075	96,309	94,189	24,665
NEI	29,867	1,321	1,075	32,263	28,928	9,940
RED	43,079	16,743	-4,617	55,205	55,205	10,887
RES	22,148	611	-18,801	3,958	3,958	1,480
Other	-	153	0	153	-	-
Total	197,436	32,214	-39,329	190,321	184,713	47,407

Housing Revenue Account Capital Programme 2012/13

Service	Original Budget	Slippage from 2011/12	Amendments recommended by MOWG	Revised Budget 2012/13	Projected Outturn 2012/13	Actual Spend to 30th September 2012
HRA	44,854	1,465	-575	45,744	45,744	18,428

- 41 The tables below summarise the recommended financing of the revised capital programme:

Financing – General Fund Capital Programme 2012/13

Financing	Original Budget	Slippage from 2011/12	Amendments recommended by MOWG	Revised Budget 2012/13
Grants and Contributions	85,490	14,300	-19,602	80,188
Revenue and Reserves	5,426	380	-1,815	3,991
Capital Receipts	21,608	-	-3	21,604
Borrowing	84,912	17,534	-17,909	84,537
Total	197,436	32,214	-39,330	190,320

Financing – Housing Revenue Account Capital Programme 2012/13

Financing	Original Budget	Slippage from 2011/12	Amendments recommended by MOWG	Revised Budget 2012/13
Grants and Contributions	13,000	-	-	13,000
Revenue and Reserves	22,080	-	1,000	23,080
Capital Receipts	525	-	-	525
Borrowing	9,249	1,465	-1,575	9,139
Total	44,854	1,465	-575	45,744

- 42 Detailed below are the commentaries from each Service Grouping:

Assistant Chief Executive (ACE)

- 43 The Member's Neighbourhood capital budget available in 2012/13 totalled £1.260m which is augmented with capital budgets carried forward leading to £2.985m capital budget being available. £0.752m of this budget has already been transferred to other County Council services to deliver Members initiatives. The planning and approval processes are currently underway to determine further activity in 2012/13 but it is anticipated that this capital budget will be fully expended in 2012/13.
- 44 Capital budgets to complete the Community Building initiative totals £2.15m with £0.2m budgeted within 2012/13. It is anticipated that activity within 2012/13 will fully spend the current year's budget allocation.

Children and Adults Services

- 45 The revised original Children and Adults Services capital programme for 2012/13 (including slippage from 2011/12) was £111.384m. Further amendments to the budget were agreed by MOWG in May, July, September and October 2012, giving a revised capital programme of £96.309m for 2012/13.

46 The capital funds currently available have been reprofiled to reflect latest planning and construction timelines and the planned spend over the next 3 financial years is set out below:-

2012/2013	£96.309m
2013/2014	£46.842m
2014/2015	£5.668m

47 The 2012/13 capital spend for CAS as at 30 September 2012 is £24.665m.

48 The projected capital outturn of £94.189m for 2012/13 is £2.12m lower than the revised budget. A report to MOWG will recommend reprofiling CAS capital budget in line with the latest outturn projection. Reasons for the variance are set out below:

- The 2012/13 Basic Need budget is likely to be underspent by £0.120m and this amount will be reprofiled into 2013/14. At the September MOWG £0.155m of the Basic Need budget was allocated to provide additional places in schools in several areas of the County. It is anticipated that the budget allocated to the Seaham area will be spent in 2012/13 but the budgets for the Bishop Auckland, Consett, Stanley, Chester-le-Street, Belmont and Durham Central areas will be reprofiled into 2013/14 as more investigation is needed in these areas to finalise the schemes which will take place.
- £2m of the 2012/13 Capital Maintenance budget will be reprofiled into 2013/14, subject to MOWG approval, as none of the budget of £2m earmarked for Hare Law Special School is likely to be spent in 2012/13. This is because consideration is being given to relocating the school onto the Greencroft site at Annfield Plain. The former Greencroft Business and Enterprise Community School is now part of Stanley Academy, but the new build for the Academy will not be complete until September 2013. Until then the Greencroft site is not available to be used as a replacement premises for Hare Law.

49 Anticipated spend for the year on other CAS capital projects is in line with the current budget.

Neighbourhood Services

50 The forecast outturn for Neighbourhood Services is currently projecting an underspend of £3.335m.

51 The main reasons for this variance are as follows;

- The scheme to replace Queen Street Depot is currently expected to underspend by £1.448m. Ground investigations have commenced and once the results of these investigations are received further decisions will be made as to the progress of this new depot. Even if favourable investigations are received, works will not be able to commence until November/December 2012 and therefore it is anticipated that only £0.725m of this budget will be expended this financial year.
- The project to introduce a new Computerised Repairs Management system within Building Services is now expected to underspend by

£0.600m. It was originally expected that the new system would be procured from an external source, but it has been possible for existing systems to be upgraded by ICT at a much lower cost. It is anticipated that £0.150m of this budget will be needed to complete works during this financial year and the remaining budget of £0.600m will be underspent.

- The Vehicle and Plant replacement budget is currently projecting an underspend of £1m, but it is intended to request that this be carried forward to cover the shortfall of budget available in 2013/14.
- There will be an underspend of £0.156m relating to the demolition of leisure centres, as it was only necessary to demolish one centre, as the other two facilities were transferred to community groups.

Regeneration and Economic Development (RED)

52 The Regeneration and Economic Development capital programme was revised at Outturn for budget rephased from 2011/12 and Assets budgets transferred from the Resources service grouping. This increased the 2012/13 budget to £65.325m. Reports to the MOWG in July, September and October detailed further revisions, for grant additions/reductions, budget transfers and budget reprofiling into later years. The revised budget now stands at £55.205m.

53 Actual spend to 30 September amounts to £10.887m for the General Fund. There has been significant spend to progress the implementation of the Local Transport Plan (£1.289m) and the Durhamgate Scheme (£2.663m) to improve transport infrastructure in the County. Other significant spend has been made on the Disabled Facilities Grants and Helping Hands Loans Schemes (£1.476m) and the Housing Renewal Programme (£1.598m), to improve and support private sector housing. Other areas of the programme are profiled to be implemented later in the year and it is anticipated that the projected outturn at 31 March 2013 will be in line with the revised budget. A further review of the full programme will be undertaken in the final quarter to confirm that this is achievable.

Resources

54 The Original Resources Capital Programme 2012/13 was £22.148m. Slippage from 2011/12 of £0.611m was agreed by Cabinet on 11 July 2012. This resulted in a revised budget of £22.759m.

55 The Capital Member/Officer Working Group met on 24 July 2012 to review progress against the agreed programme on a scheme by scheme basis. Reasons for any slippage and necessary reprofiling have been thoroughly challenged and are included in this report.

56 An overspend of £0.120m was financed from the 2012/13 capital programme. Planned and budgeted capital expenditure of £11.854m has been reprofiled into 2012/13 and £6.827m has been transferred to other services.

57 This results in a revised 2012/13 Resources Capital Programme of £3.958m. Expenditure of £1.480m has been incurred within Resources in the first two quarters, which equates to 37% of the 2012/13 budget. It is anticipated that

the full capital budget will be spent in 2012/13. This forecast will be closely monitored and revised throughout the year.

Housing Revenue Account (HRA)

- 58 The 2012/13 HRA Capital Programme, as agreed by Council on 22 February 2012, was £44.854m and this was subsequently increased by £0.890m reflecting re-profiling from 2011/12 and to 2013/14 plus savings in the budget, giving a total revised budget of £45.744m.
- 59 The programme has been significantly supported with £13m of Decent Homes Backlog Grant funding from the Homes and Communities Agency. In the first six months of the financial year a total of 589 properties have been brought up to the Decent Homes standard, which is slightly ahead of the progress anticipated against the annual target of 982.
- 60 For the whole HRA capital programme actual spend for the first three months amounts to £18.428m and it is anticipated that the projected outturn at 31 March 2013 will be in line with the revised budget. The programme anticipates improvements will be made to around 3,500 properties in 2012/13.

Recommendations

- 61 It is recommended that Cabinet:
- Note the projected change in the Council's overall financial position for 2012/13.
 - Agree the proposed 'sums outside the cash limit' for approval.
 - Agree the revenue and capital budget adjustments.
 - Note the forecast use of Earmarked Reserves.
 - Note the forecast end of year position for the Cash Limit underspend reserves.
 - Note the position for the Capital Programme,

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Appendix 1: Implications

Finance -

The report details the 2012/13 forecast of outturn position for Revenue and details the forecast movement on Reserves.

Staffing -

None

Risk -

None

Equality and Diversity / Public Sector Equality Duty -

None

Accommodation -

None

Crime and Disorder -

None

Human Rights -

None

Consultation -

None

Procurement -

None

Disability Issues -

None

Legal Implications -

None

Appendix 3: Revenue Summary by Expenditure / Income for the period ended 31 March 2013

	Original Budget	Agreed Budget	Service Groupings Forecast of Outturn	Sums Outside the Cash Limit	Cash Limit Reserve	Contribution to / Use of Earmarked Reserves	Revised Service Outturn	Forecasted Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Employees	516,389	520,216	515,198	0	-74	-539	514,585	-5,631
Premises	55,144	51,414	51,966	0	0	0	51,966	551
Transport	52,620	53,003	53,168	92	0	-0	53,260	256
Supplies & Services	120,541	127,360	127,218	0	325	336	127,879	518
Agency & Contracted	228,398	228,919	226,797	288	-50	0	227,035	-1,884
Transfer Payments	258,751	256,838	259,199	0	0	-34	259,165	2,327
Central Costs	85,038	92,054	92,719	0	0	0	92,719	666
Other	1,131	-1,084	1,204	0	0	0	1,204	2,288
Capital Charges	49,115	49,115	49,115	0	0	0	49,115	-0
GROSS EXPENDITURE	1,367,128	1,377,835	1,376,583	380	201	-237	1,376,927	-908
Income								
- Specific Grants	597,299	605,955	607,934	0	0	0	607,934	-1,979
- Other Grants & conts	25,984	27,965	29,901	0	0	13	29,914	-1,950
- Sales	8,397	8,561	7,517	0	0	0	7,517	1,045
- Fees & charges	102,147	106,713	105,382	275	0	-111	105,546	1,167
- Recharges	172,201	165,038	165,016	0	0	0	165,016	22
- Other	15,394	13,524	14,239	0	0	-418	13,821	-297
Total Income	921,423	927,755	929,988	275	0	-516	929,747	-1,992
NET COST OF SERVICES	445,705	450,080	446,595	105	201	279	447,180	-2,900

Appendix 4: Earmarked Reserves Position as at 30 September 2012

EARMARKED RESERVES AND CASH LIMIT RESERVES	SERVICE GROUPING	2011/12 CLOSING BALANCE	USE OF RESERVES	CONTRIBUTION TO RESERVES	TRANSFERS BETWEEN RESERVES	TOTAL MOVEMENT ON RESERVES	2012/13 CLOSING BALANCE
ACE AAP/Members Reserve	ACE	-2,364	34	-575	0	-541	-2,905
ACE Grant Reserve	ACE	-233	0	0	0	0	-233
ACE Operational Reserve	ACE	-140	0	0	0	0	-140
ACE Regeneration and Communities Reserve	ACE	0	0	0	0	0	0
Heritage and Culture Reserve	CAS	-209	100	-300	0	-200	-409
Social Care Reserve	CAS	-9,368	4,478	-2,000	0	2,478	-6,890
Health and Wellbeing Reserve	CAS	-1,347	902	0	0	902	-445
Community Safety Reserve	CAS	-75	75	0	0	75	0
Aycliffe Young People's Centre Reserve	CAS	-475	178	0	0	178	-297
Continuing Professional Development Reserve	CAS	-373	0	0	0	0	-373
Education Reserve	CAS	207	0	0	0	0	207
CYPS Leisure Reserve	CAS	-52	0	0	0	0	-52
LEP Reserve	CAS	0	0	0	0	0	0
Special Projects Reserve	CAS	-60	0	0	0	0	-60
Youth Forum Reserve	CAS	0	0	0	0	0	0
Neighbourhoods AAP Reserve	NS	-504	163	0	0	163	-341
Customer Services Reserve	NS	-360	300	0	0	300	-60
Direct Services Reserve	NS	-1,406	116	0	0	116	-1,290
Env. Health and Consumer Protection Reserve	NS	-141	18	0	0	18	-123
Sport and Leisure Reserve	NS	-1,765	550	-101	0	449	-1,316
Strategic Waste Reserve	NS	-104	104	0	0	104	0
Transport Asset Management Programme Reserve	NS	-365	26	0	0	26	-339
Economic Development Reserve	RED	-1,666	30	0	0	30	-1,636
Planning Reserve	RED	-1,774	105	0	0	105	-1,669
Employability and Training Reserve	RED	-855	75	0	0	75	-780
RED Regeneration Reserve	RED	-990	434	0	0	434	-556
Housing Regeneration Reserve	RED	-95	74	0	0	74	-21
Housing Solutions Reserve	RED	-1,321	137	0	0	137	-1,184
Restructure Reserve	RED	-500	0	0	0	0	-500
LSVT Reserve	RED	-122	0	0	0	0	-122
Transport Reserve	RED	-364	0	0	0	0	-364
Funding and Programmes Management Reserve	RED	-193	37	0	0	37	-156
North Pennines Reserve	RED	0	0	0	0	0	0
Resources Corporate Reserve	Resources	-1,164	0	-417	0	-417	-1,581
Resources DWP Grant Reserve	Resources	-159	0	0	159	159	0
Resources System Development Reserve	Resources	-700	0	0	200	200	-500
Resources Housing Benefit Subsidy Reserve	Resources	-1,200	0	-900	0	-900	-2,100
Resources Land Search Fees Reserve	Resources	-1,000	0	0	0	0	-1,000
Resources Elections Reserve	Resources	-800	0	0	0	0	-800
Corporate Regeneration Reserve	Corporate Fin	-578	0	0	578	578	0
Cabinet Reserve	Corporate Fin	-498	0	0	0	0	-498
Equal Pay Reserve	Corporate Fin	-3,408	57	-1,600	0	-1,543	-4,951
Insurance Reserve	Corporate Fin	-11,841	0	0	0	0	-11,841
Performance Reward Grant Reserve	Corporate Fin	-1,319	149	0	-578	-429	-1,748
MTFP Redundancy and Early Retirement Reserve	Corporate Fin	-9,552	2,992	0	0	2,992	-6,560
New Homes Bonus Reserve	Corporate Fin	-206	0	0	0	0	-206
Total Non-Schools Reserve		-59,439	11,134	-5,893	359	5,600	-53,839
Schools' Balances							
Schools' Revenue Balance	CAS	-20,890	0	0	0	0	-20,890
Schools' Unspent Grants	CAS	0	0	0	0	0	0
DSG Reserve	CAS	-4,210	0	0	0	0	-4,210
Total Schools and DSG Reserve		-25,100	0	0	0	0	-25,100
Cash Limit Reserves							
Assistant Chief Executive		-1,133	455	-227	0	228	-905
Children and Adults Services		-8,092	2,320	-2,334	0	-14	-8,106
Neighbourhood Services		-2,205	1,529	0	0	1,529	-676
Regeneration and Economic Dev		-2,960	207	-698	0	-491	-3,451
Resources		-1,496	0	-928	-359	-1,287	-2,783
Total Cash Limit Reserves		-15,886	4,511	-4,187	-359	-35	-15,921
Total Earmarked Reserves		-100,425	15,645	-10,080	0	5,565	-94,860

Appendix 5: Forecasted Housing Revenue Account to 31 March 2013

Year to Date Actual	Variance		Annual Budget	Projected Outturn	Forecasted Variance
£000	£000		£000	£000	£000
		Income			
-30,256	57	Dwelling Rents	-60,115	-60,068	-47
		Non Dwelling Rents			
-458	7	- Garages [net of voids]	-899	-924	25
-72	24	- Shops/Other	-96	-96	0
-59	17	Charges for Services & Facilities	-105	-90	-15
-122	17	Contributions towards Expenditure	-250	-259	9
-30,967	122	Total Income	-61,465	-61,437	-28
		Expenditure			
7,255	0	ALMO Management Fee + Outsourced Contract	17,266	17,266	0
2,252	-158	Repairs & Maintenance	4,187	4,539	-352
1,979	296	Supervision & Management - General	4,550	4,307	243
251	23	Supervision & Management - Special	549	522	27
84	16	Rents, Rates, Taxes & other Charges	100	100	0
-94	94	Negative HRA Subsidy	-94	-94	94
7,755	0	Depreciation & Impairment of fixed assets [Net MRA Adj]	15,510	15,510	0
458	0	Increase/Decrease in bad debt provision	916	916	0
88	0	Debt Management Costs	186	186	0
20,028	271	Total Expenditure	43,264	43,252	12
-10,939	393	Net cost of HRA services per Authority I&E Account	-18,201	-18,185	-16
543	0	HRA services share of Corporate & Democratic Core	1,085	1,085	0
201	0	HRA share of other amounts included in the whole authority Net Cost of services but not allocated to specific services	402	402	0
-10,195	393	Net cost of HRA Services	-16,714	-16,698	-16
5,675	442	Interest Payable & Similar Charges	12,234	11,350	884
2,719	-434	Direct Revenue Financing [Balancing Item on HRA]	4,570	5,438	-868
-57	0	Interest & Investment Income	-114	-114	0
-1,858	401	[Surplus] / Deficit for the year on HRA services	-24	-24	0