

Report to: Budget Panel
Date of meeting: 23rd October 2012
Report of: Head of Strategic Finance
Title: Finance Digest 2012/2013: Period 6 (end of September)

1.0 SUMMARY

- 1.1 This report informs the Budget Panel of the reported budgetary variances as at end of September 2012 and represents the half year position.
- 1.2 This report deals with the position to 30 September 2012 and the late circulation was to gather performance information for the second quarter.

2.0 RECOMMENDATIONS

- 2.1 To consider the Finance Digest as at the end of period 6.

Contact Officer:

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3.0 REVENUE ESTIMATES:

3.1 The Finance Digest monitors the Council's expenditure and income throughout the financial year. Where variances are adverse then Heads of Service are required to identify compensating savings wherever possible. For example, during 2011/2012 an overspend of circa £800k was forecast at one point but this was finally managed down to an underlying overspend of £251k.

3.2 The key table within the attached Finance Digest appears on Page 3 and shows an in year reserve movement (adverse) of £259k. Within this figure, £93k relates to new initiatives to be financed from earmarked reserves (resilience officer; contribution to Imagine Watford; and an energy saving initiative). The residual £166k is effectively the currently forecast overspend that will need to be funded from the Economic Impact Reserve and this is referred to within the following paragraph.

3.3 There has been forecast overspends within the ICT & Revenues and Benefits Shared Services operating costs. With regard to ICT a forecast overspend (to Watford Council) of £48k is forecast and is due to maternity cover for two posts, a high percentage of agency staff (pending a potential outsource), and consultancy assistance (£9k) in connection with outsourcing. For Revenues and Benefits Shared Service there is a forecast overspend to Watford of £162k and largely relates to an additional staffing/ agency resource required to deal with high volumes and backlogs within the benefits client base.

3.4 There is currently no forecast overspend on those services under the direct control of Watford Council. There are however some key risk areas which have been referred to at Table 4 (pages 15-16) in the attached Finance Digest. Further, the Council's Medium Term Financial Strategy reported elsewhere on the Budget Panel Agenda has highlighted assumptions regarding adverse variations which have yet to be reported and these include:

- service prioritisation shortfall £196k
- commercial rent income shortfall £220k

3.5 It is anticipated that the Period 7 Finance Digest will provide a definitive view regarding these two risks. In any event, it is again encouraging that Heads of Service are identifying alternative savings across a variety of cost centre in order to reduce end of year potential overspends.

4.0 CAPITAL PROGRAMME

4.1 The Council's Capital Programme is reported quarterly to Budget Panel and Cabinet and is detailed on Pages 17-20 in the attached Finance Digest. In summary (top of Page 17) it shows a General Fund spend at end of September of £1,264k compared to an Original (Beginning of year) Budget of £7,494k. The major variations being:

	£k
* Health Campus	2,005
*Kerbside Vehicles	360 (put on hold due to potential outsource)
*Renovation Grants	204 (subject to demand)
*Energy Grants	217 (subject to demand)
*Cassiobury Park	160 (put on hold due to HLF bid)
* Disabled Facility Grants	486 (will be expended by year-end)
* Affordable Homes	561 (£545k to be rephased to 2013/14)

- *ICT Related projects 190
- * Backlog Repairs & Depot 736

4.2 With regard to Section 106 projects, the Summary at the top of Page 17 shows a rephrased budget of £3,802k compared to a Period 6 spend of £867k. The major variations being:

- £k
- * Riverside Recreation 330
- * Museum 74
- * MUGA Meriden 120
- * Play Area Programme 550 (a large programme of works in progress)
- *King George Playing Field 337
- *Oxhey Park 528
- * Cemetery Lodge repairs 140

4.3 A major review of the current capital programme is being carried out in order to reflect an accurate spend profile. In the short term, the Council's investment return is enjoying the benefit and helps to compensate for the disappointing interest rate climate.

5.0 FINANCIAL IMPLICATIONS

5.1 These have been included within the report.

6.0 LEGAL IMPLICATIONS

6.1 There are no legal implications arising out of this report..

7.0 POTENTIAL RISKS

Potential Risk	Likelihood	Impact	Overall Score
That the Council's Budget overspends and the use of unplanned reserves is the consequence	3	3	9

8.0 EQUALITIES

8.1 There are no equality implications arising out of the period 4 Finance Digest.

Appendices

Finance Digest Period 6 (end of September)