

**2012/13 April to December and year end forecast – Forecast Variances
over £25,000 (figures rounded to the nearest thousand)**

Year to date Variance: overspend /(saving)	Year end forecast Variance: overspend /(saving)	Service / Description	Explanation
PORTFOLIO: RESOURCES, GOVERNANCE AND PERFORMANCE			
(£135,000)	(£225,000)	Savings Programme	<p>Progress against Shared Services – additional savings from base budget.</p> <p>Further detail is provided in appendix C. Please note that the overall saving is spread between various service areas in appendix A and as such the Savings Programme line only reflects those areas where savings have already been reflected.</p>
£49,000	£76,000	Office Accommodation	<p>As previously reported, overspend due to unanticipated gas usage surcharge £15k plus additional building repairs and maintenance incurred as a result of the recent Asset Management Plan works. The year end forecast includes a further £27k of Priority 1 repairs to be carried out before year end.</p> <p>Action: Overspend to be offset by utilisation of savings within the overall budget.</p>

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£35,000	£36,000	Construction and Property Services	<p>Overspend primarily arising as a result of £33k of Cost of Change expenses following the shared service restructure.</p> <p>Action: Overspend to be offset by utilisation of savings within the overall budget.</p>
(£27,000)	(£36,000)	Policy & Performance	<p>Savings arising from vacant staff post.</p> <p>Action: Utilise saving to offset overspends within the overall budget.</p>
£28,000	£43,000	Human Resources	<p>Overspend on salaries arising from cost of change element funded through the base budget.</p> <p>Action: Overspend to be offset by utilisation of savings within the overall budget.</p>
£20,000	£30,000	Corporate Finance	<p>Overspend is due to timing differences in budgeted income from Premier Inn, arising from the planned Guineas car park improvements as detailed within the Asset Management Plan.</p> <p>Action: Negotiations are ongoing to finalise this income stream for the 2013/14 financial year.</p>

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£69,000	£100,000	Corporate Management	Includes base budget funding for the cost of change in line with the March 2013 budget and the savings from the management restructure. Savings on external audit fees following the announcement of the fee scales for 2012/13. Action: Cost of change to be offset by savings within the overall budget.
PORTFOLIO: PLANNING. HOUSING AND TRANSPORT			
£22,000	£27,000	Other Housing Property	Income shortfall from no tenant being in place and the Council picking up the cost of Business Rates. Action: Overspend to be offset by utilisation of savings within the overall budget.
£57,000	£57,000	Building Control	Building Regulation fee levels continue to fall short of the budget. Based upon current trends we are anticipating the year end income to be around 78% of the budget. This continues to be in line with the 2011/12 outturn position. Action: Building Regulation Fees will continue to be monitored closely along with service expenditure over the coming months. The

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			<p>implications of the harmonisation of fee levels with St Edmundsbury Council to be carefully assessed, along with the longer term staffing requirements for the shared building control service as part of the ongoing development of the Planning Shared Service.</p>
£90,000	£112,000	Business Units	<p>The Council currently has 10 vacant business units. As a consequence of this, income continues to fall short of the budget and in addition to this the Council has to pick up the cost of Business Rates on the units. This follows on from the income downturn during 2011/12 and assumes a full year of vacancies.</p> <p>Action: Industrial occupancy rates to be carefully monitored over the remainder of the year in conjunction with the relevant strategic plan actions.</p>
£87,000	£87,000	Town Centres	<p>Vacant shop units have resulted in the income being below budget and in addition the Council has to pick up the cost of Business Rates on the vacant shop units.</p>

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			<p>Action: Although we have assumed that vacant units will remain at the current level for the remainder of the financial year, we will continue to work with the Managing Agents to re-let vacant units to help mitigate the effect on the overall budget position.</p>
£24,000	£30,000	Palace House Cottage	<p>Forecast outturn includes a full year of Business Rates and Custodian Salary whilst the Home of Horseracing project progresses.</p> <p>Action: Overspend to be offset by utilisation of savings within the overall budget.</p>
PORTFOLIO: HEALTH, LEISURE AND CULTURE			
(£25,000)	(£31,000)	Anglia Community Leisure Trust	<p>Underspend due to reduction in Management Fees resulting from the agreed return on capital from the Brandon Leisure Centre refurbishments £40k. Budgeted income from photovoltaic project now unlikely to materialise during 2012/13.</p> <p>Action: Utilise saving to offset overspends within the overall budget.</p>
£82,000	£77,000	Horticulture / Arboriculture	The Variance primarily relates to timing differences between the budget

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			<p>assumptions and setting of the new contract. Since September another contract originally worth £47k only generated £31k income, increasing the overspend. The new horticultural contract was signed on 1 October 2012 will result in the required savings going forward.</p> <p>Action: Only necessary work is being undertaken to save costs. Overspend to be offset by utilisation of savings within the overall budget.</p>
PORTFOLIO: FAMILIES AND COMMUNITIES			
(£225,000)	(£302,000)	Housing Benefits	<p>Underspend primarily arising from increased overpayment recovery, resulting from an increased caseload and increase in fraud cases.</p> <p>Action: Utilise additional income against overspends elsewhere.</p>
£2,000	(£34,000)	Council Tax Benefit	<p>Underspend arising as a result of the Council achieving a 101% subsidy rate against benefits.</p> <p>Action: Utilise additional income against overspends elsewhere.</p>

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MEDIUM TERM FINANCIAL STRATEGY			
(£70,000)	(£52,000)	Interest on Investments	<p>The overall rate of return achieved by the Council on its investment for the period April to December 2012 was 2.787% which is above the 3 year – 7 day average rate by 2.45% but 0.363% below our budgeted average rate of return for 2012/13 of 3.15%. In spite of this the Council was able to earn £70k more interest than budgeted through being able to invest larger sums than originally anticipated. The forecast increase for the year, however, has fallen to £52k as a result of the Royal Bank of Scotland exercising their break option on a five year deal which was earning 4.15%. The Council has been able to reinvest the monies, however due to the prevailing economic climate it has not been able to achieve rates that are as high as the original deal.</p> <p>The overall interest forecast for 2012/13 is higher than originally budgeted primarily due to the Council being able to invest larger sums than originally forecasted as a result of project timing differences.</p>

