



## **CABINET REPORT**

<b>Report Title</b>	<b>REVENUE BUDGET MONITORING 2009/10 – POSITION AS AT THE END OF JUNE 2009</b>
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**AGENDA STATUS: PUBLIC**

<b>Cabinet Meeting Date:</b>	23 <sup>rd</sup> September 2009
<b>Key Decision:</b>	NO
<b>Listed on Forward Plan:</b>	YES
<b>Within Policy:</b>	YES
<b>Policy Document:</b>	NO
<b>Directorate:</b>	Finance and Support
<b>Accountable Cabinet Member:</b>	David Perkins
<b>Ward(s)</b>	Not Applicable

### **1. Purpose**

- 1.1 This report identifies the projected outturn position for the current financial Year. Appendix 1 of the report provides further background information. The report also refers to management action being taken in response to the forecast and to minimise the impact on the Council's general fund reserves at the end of the financial year.

### **2. Recommendations**

- 2.1 Cabinet to note the report and the forecast over spend of £920k net of management action.

### **3. Issues and Choices**

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#### **3.1 Report Background**

- 3.1.1 The Council approved the General Fund Revenue Budget on 26th February 2009. The 2009/10 budget preparation process identified a substantial gap in funding. This was bridged by a combination of policy, efficiency and base budget savings to the value of £9.42m. These savings are in addition to the £6.2m of savings that were approved and achieved as part of the 2007/08 and 2008/09 budget setting processes.
- 3.1.2 It is important that the savings built into the budget are achieved to minimise the impact on both the Council's general reserves at the end of this financial year and the impact on future year budgets. It is intended that all policy, efficiency and base budget savings that were built into the approved budget will be monitored and reported separately this financial year together with the regular monitoring of the revenue budget. Should any of the savings be unachievable, management action will be taken to identify alternative savings or income.
- 3.1.3 The Authority was notified of a revised provisional allocation of LABGI funding for 2009/10 of £124,425 on 29 July 2009. This allocation has been calculated in accordance with the revised methodology.

#### **3.2 Issues**

- 3.2.1 Budget Managers, in conjunction with Finance, have undertaken a review of the progress being made towards achieving the savings contained within the budget. Work has also been undertaken to identify any other emerging issues that cannot be contained within the approved budget with appropriate management action.
- 3.2.2 Appendix 1 presents the identified variations from the approved budget that are giving rise to a forecast net over spend of £1,078k for services before management action and proposed use of reserves.

**3.2.3 Table 1: General Fund Provisional Outturn Summary (£,000)**

RAG	Directorate	2009/10 Original Budget	2009/10 Additional Budget	2009/10 Revised Budget*	Projected Outturn Actuals - End May 2009	Projected Outturn Variance to Revised Budget - End June 2009 pre actions	Proposed Application of Reserves & other Management Actions	Projected Outturn Variance to Revised Budget - End May 2009 post actions
		£,000	£,000	£,000	£,000	£,000	£,000	£,000
R	Environment and Culture	12,227	(18)	12,209	13,118	909	(158)	751
G	Finance and Support	17,133	93	17,226	17,214	(12)	0	(12)
G	Planning & Regeneration	2,831	0	2,831	2,818	(13)	0	(13)
R	Assistant Chief Executive*	4,043	(50)	3,993	4,127	134	0	134
G	Borough Solicitor	1,171	0	1,171	1,196	25	0	25
G	Housing (GF)	1,472	(26)	1,446	1,481	35	0	35
	<b>Total</b>	<b>38,877</b>	<b>(1)</b>	<b>38,876</b>	<b>39,955</b>	<b>1,078</b>	<b>(158)</b>	<b>920</b>

*Note small variations are due to roundings.*

3.2.4 £900k of the projected over spend relates to policy and efficiency savings that Budget Managers have indicated still require further work. Appendix 2 contains details of the progress being made to achieve the savings.

3.2.5 Included within the forecast is a projected over spend of £280k relating to employee budgets. This is the position net of the corporate vacancy target.

3.2.6 The remaining £102k under spend before action and funding virements relates to emerging issues identified by Budget Managers.

3.2.7 Overall these items give a forecast over spend of £1,078k before management action.

3.2.8 Management action to the value of (£158k) has been identified to partially mitigate the forecast over spend. These actions give rise to a net forecast over spend of £920k.

3.2.9 The over spend of £920k includes the monitoring of the vacancy saving target. The position in relation to the employee budget is outlined below for clarity.

3.2.10 **Table 2: Effect of Use of Reserves and Management Action on the Forecast Overspend**

	<b>£,000</b>
<b>Forecast outturn before proposed use of reserves and management action</b>	<b>1,078</b>
Identified Management Action.	(158)
<b>Total</b>	<b>920</b>

3.2.11 **Table 3: Employees Position at the end of June 2009**

<b>Directorate</b>	<b>Employee Forecast net of Vacancy Factor £,000</b>
Environment and Culture	417
Finance and Support	(96)
Planning & Regeneration	(9)
Assistant Chief Executive*	(67)
Borough Solicitor	25
Housing	10
	<b>280</b>

## Environment and Culture Directorate

3.2.12 The RAG status for Directorate of Environment and Culture is Red as the Directorate is forecasting an over spend above £100k. The reasons for the variance are explained below.

Service Area	Forecast Variance before Action	Forecast Variance after Action	Narrative
	£,000	£,000	
Director of Environ and Culture	3	3	Various minor items below £50k
Head of Public Protection	63	63	Forecast non-achievement of the corporate vacancy target.
Head of Neighbourhood Environmental Services	606	448	See below
Head of Leisure and Culture	190	190	Forecast non-achievement of the corporate vacancy target.
Head of Town Centre Management	47	47	Forecast non-achievement of the corporate vacancy target.
<b>Total</b>	<b>909</b>	<b>751</b>	

## Head of Neighbourhood Environmental Services

3.2.13 The service has indicated that it is unable to deliver savings to the value of £675k that were built in to the 2009/10 budget.

3.2.14 The saving option for bulky waste collection of £90k will not be achieved (Ref OI4). This is primarily due to electrical stores offering to take away old appliances free of charge combined with the overall economic recession.

3.2.15 £200k of the saving that was built into the budget for rationalisation of the use of temporary staff (Ref MTPS211) will not be achieved. The current economic climate has resulted in lower than anticipated staff turnover within the Service. This in turn means that the service is unable to replace permanent staff who leave the organisation with lower cost temporary staff as planned.

3.2.16 While £175k of the saving that was built into the budget for the reduction in grounds maintenance within Parks and Open Spaces (Ref MTPS32) has been achieved the remaining £158k will not be achieved. The Head of Service is currently looking into alternative ways of achieving this efficiency saving.

- 3.2.17 The saving that was built into the budget for Reduction to grass mowing frequency of £192k (Ref MTPS716) will not be achieved. Management action is currently being considered as to how this may be delivered.
- 3.2.18 The remainder of the variance is made up of minor variations totalling (£105k).
- 3.2.19 Management action of (£58k) has been identified by the service to partially offset the overspend detailed above. This includes £25k funding from NIEP for Market Testing (now confirmed) and £33k funding to be sought for the additional roll out of the glass recycling scheme from either the Corporate Improvement Fund or NIEP Capital funds. Work is ongoing to implement these management actions.
- 3.2.20 In addition the Head of Service is working in a number of areas to manage costs to deliver the service on budget overall. These include a line by line review of budgets to identify where specific savings can be made, Head of Service approval for expenditure so that non essential expenditure can be challenged and avoided, review of overtime with VFM partners with potential savings of up to £100k, continued work with the VFM partner to identify further savings and efficiencies, and part year effect of the restructuring of NES to develop the neighbourhood model.

## Finance and Support Directorate

- 3.2.21 The RAG status for Finance and Support is Green as the Directorate is forecasting an under spend. The reasons for the variance are explained below.

Service Area	Forecast Variance before Action £,000	Forecast Variance after Action £,000	Narrative
Director of Finance and Support	(42)	(42)	Employee savings net of the corporate vacancy target.
Head of Finance and Assets	12	12	Loss of commercial rent income £85k expected to be partially offset by additional rental income from the review of rents currently taking place.
Head of Revenues and Benefits	4	4	Various minor items below £50k
Head of Customer Services and ICT	(3)	(3)	Various minor items below £50k
Head of Human Resources	9	9	Various minor items below £50k
Head of Procurement	8	8	
<b>Total</b>	<b>(12)</b>	<b>(12)</b>	

### **Planning & Regeneration Directorate**

3.2.22 The RAG status for People, Planning, and Regeneration is Green as the Directorate is reporting an under spend. The reasons for the variance are explained in the table below.

<b>Service Area</b>	<b>Forecast Variance before Action £,000</b>	<b>Forecast Variance after Action £,000</b>	<b>Narrative</b>
Director of Planning and Regeneration	(3)	(3)	Various minor items below £50k
Head of Planning	37	37	Forecast non achievement of the corporate vacancy factor
Head of Regeneration and Development	(47)	(47)	Employee savings net of corporate vacancy target.
<b>Total</b>	<b>(13)</b>	<b>(13)</b>	

### **Assistant Chief Executive**

3.2.23 The RAG status for Directorate of Assistant Chief Executive is Red as the Directorate is forecasting an over spend of more than £100k. The reasons for the variance are explained below.

<b>Service Area</b>	<b>Forecast Variance before Action £,000</b>	<b>Forecast Variance after Action £,000</b>	<b>Narrative</b>
Assistant Chief Executives	(88)	(88)	Vacancy savings in excess of corporate vacancy target
Head of Policy and Community Engagement	211	211	The Community Centres saving of £190k will not be achieved. Work is underway to identify how this may be achieved in future years.
Head of Performance and Improvement	7	7	Various minor items below £50k
Director of Local Strategic Partnership	0	0	N/A
Chief Executives	4	4	Various minor items below £50k
<b>Total</b>	<b>134</b>	<b>134</b>	

### **Borough Solicitor**

3.2.28. The RAG status for the Borough Solicitor is Green as the Service is reporting an over spend of less than £50k. The reasons for the variance are explained in the table below.

<b>Service Area</b>	<b>Forecast Variance before Action*</b>	<b>Forecast Variance after Action*</b>	<b>Narrative</b>
	<b>£,000</b>	<b>£,000</b>	
Borough Solicitor	27	27	Forecast non achievement of corporate vacancy target
<b>Total</b>	<b>27</b>	<b>27</b>	

### **Housing Directorate (General Fund)**

3.2.29. The RAG status for the Directorate of Housing is Green as the Directorate is reporting an over spend of less than £50k. The reasons for the variance are explained in the table below.

<b>Service Area</b>	<b>Forecast Variance before Action*</b>	<b>Forecast Variance after Action*</b>	<b>Narrative</b>
	<b>£,000</b>	<b>£,000</b>	
Director of Housing	(4)	(4)	Various minor items below £50k
Head of Housing Strategy, Investment and Performance	10	10	Various minor items below £50k
Head of Landlord Services	0	0	N/A
Head of Housing Needs and Support	29	29	Various minor items below £50k
<b>Total</b>	<b>35</b>	<b>35</b>	

### **Other Areas for Information**

3.2.30. As indicated above, managers have already taken action to minimise the overall net impact on Council finances. This includes identifying where there is scope for efficiencies without detriment to public service delivery, seeking additional external funding and capitalisation of specific costs. Managers must continue to rigorously assess areas in which further efficiencies can be achieved. Particular attention should be given to management of the employee establishment.

### **3.2.31. Improvement Fund**

3.2.32. The opening balance on the Improvement Fund Reserve for 2009/10 is £1m.

		<b>£,000</b>
	<b>Improvement Fund Balance as at 01.04.2009</b>	<b>1,000</b>
	<b>Total estimated Improvement Fund balance at 31.03.2010</b>	<b>1,000</b>



### 3.2.33. Corporate Initiatives (LABGI) Earmarked Reserve

3.2.34. The opening balance on the Corporate Initiatives Reserve for 2009/10 was £351k. The unearmarked element of this reserve has been ring fenced to Regeneration and Development by Council resolution of 26 February 2009.

	£,000
<b>LABGI Balance as at 01.04.2009</b>	<b>351</b>
Royal and Derngate Theatre Trust	-8
<b><i>Earmarked in 2008/09 B/fwd:</i></b>	
Fish Market	-26
Leisure Feasibility	-25
Leisure Feasibility – Conditional Element	-30
Car Parking Feasibility	-20
Market Square	-20
Links View Flood Investigation	-3
<b>Total estimated LABGI balance at 31.03.2009</b>	<b>219</b>

3.2.35. An amount of £8k has been drawn down from this Earmarked Reserve in line with the Council resolutions of 26 February 2009.

### 3.2.36. General Fund Balances

Following the completion of the closure of the year-end accounts 2008/09 the forecast opening General Fund Balance for 2009/10 was revised to £2,006k. This will be subject to the audit process and will be confirmed once the accounts of the authority have been approved by our external auditors.

### 3.2.37. Housing Revenue Account (HRA)

A separate report detailing the HRA position appears elsewhere on the agenda.

## 3.3 Choices (Options)

- 3.3.1 Cabinet is invited to note the report and the actions being taken to contain net expenditure to minimise the impact on the Council's reserves at the end of the financial year.
- 3.3.2 Consideration must be given as to whether further management action can be taken to achieve those savings that have been identified by Budget Managers as unachievable.
- 3.3.3 Options for further constraining expenditure without detriment to front line service delivery must be considered corporately to address the projected net overspend.

## **4. Implications (including financial implications)**

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### **4.1 Policy**

- 4.1.1 The table at 3.2.4 shows that the budget is forecast to be over spent by £920k after management action and proposed use of reserves.

### **4.2 Resources and Risk**

- 4.2.1 This report informs the Cabinet of the forecast revenue budget outturn as at the end of June 2009.
- 4.2.2 There will be an ongoing impact on future year budgets of not achieving savings contained within the 2009/10 budget.

### **4.3 Legal**

- 4.3.1 There are no specific legal implications arising from this report.

### **4.4 Equality**

- 4.4.1 There are no specific equalities implications arising from this report.

### **4.5 Consultees (Internal and External)**

- 4.5.1 Chief Executive, Directors, Heads of Service, and Budget Managers have been consulted.

### **4.6 How the Proposals deliver Priority Outcomes**

- 4.6.1 Monthly budget monitoring relates to improving the CPA/CAA Use of Resources score, which contributes to the priority of being a well-managed organisation that puts the customer at the heart of what we do.

### **4.7 Other Implications**

- 4.7.1 Not applicable

## **5. Background Papers**

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|-----|-----------------|--|
| 5.1 | Council Report  | 26 <sup>th</sup> February 2009 (General Fund Revenue Budget 2009/10 – 2011/12), Cabinet Report of 29 <sup>th</sup> June 2009 (General Fund Budget Outturn 2008/09) |
| 5.2 | Cabinet Reports | 5 August 2009 Revenue Budget Monitoring Position as at End of May 2009   |

**Rebecca Smith, Assistant Head of Finance, ext 8046**  
**Isabell Procter, Director of Finance and Support, ext 8757**

## CABINET REPORT

### SIGNATORIES

<b>Report Title</b>	<b>REVENUE BUDGET MONITORING 2008/09 – POSITION AS AT THE END OF June 2009</b>
<b>Date Of Call-Over</b>	August 2009

Following Call-Over and subsequent approval by Management Board, signatures are required for all Key Decisions before submitting final versions to Meetings Services.

<b>Name</b>	<b>Signature</b>	<b>Date</b>	<b>Ext.</b>
<b>Monitoring Officer or Deputy</b>			
<b>Section 151 Officer or Deputy</b>			