



CABINET REPORT

Report Title	REVENUE BUDGET MONITORING 2009/10 – POSITION AS AT THE END OF JULY 2009
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	14 October 2009
Key Decision:	NO
Listed on Forward Plan:	YES
Within Policy:	YES
Policy Document:	NO
Directorate:	Finance and Support
Accountable Cabinet Member:	David Perkins
Ward(s)	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 £908k net of management action.
- 2.2 Cabinet approve that the unclaimed increase in members allowances from 2008/09 be appropriated to CEFAP for investment in communities.
- 2.3 Cabinet approve that any unclaimed increase in members allowances in 2009/10 be allocated to CEFAP for investment in communities in 2011/12.

3. Issues and Choices

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 £1,066k 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 July 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	(77)	12,150	13,320	1,170	(180)	990
G	Finance and Support	17,133	39	17,172	16,783	(389)	0	(389)
G	Planning & Regeneration	2,831	(6)	2,825	2,872	47	0	47
R	Assistant Chief Executive*	4,043	96	4,139	4,297	158	0	158
G	Borough Solicitor	1,171	(5)	1,166	1,196	30	0	30
A	Housing (GF)	1,472	(37)	1,435	1,485	50	0	50
	Total	38,877	10	38,887	39,956	1,066	(158)	886

Note small variations are due to roundings.

3.2.4 £920k 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 under spend of £362k relating to employee budgets. This is the position net of the corporate vacancy target.

3.2.6 The remaining £508k over 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 £1,066k before management action.

3.2.8 Management action to the value of (£180k) has been identified to partially mitigate the forecast over spend. These actions give rise to a net forecast over spend of £886k.

3.2.9 The over spend of £886k 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**

	£,000
Forecast outturn before proposed use of reserves and management action	1,066
Identified Management Action.	(180)
Total	886

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

Directorate	Employee Forecast net of Vacancy Factor £,000
Environment and Culture	332
Finance and Support	(186)
Planning & Regeneration	(135)
Assistant Chief Executive*	(68)
Borough Solicitor	30
Housing	(335)
	(362)

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	4	4	Various minor items below £50k
Head of Public Protection	116	116	Mainly forecast non-achievement of the corporate vacancy target.
Head of Neighbourhood Environmental Services	745	565	See below
Head of Leisure and Culture	236	236	See below
Head of Town Centre Management	69	69	See below
Total	1,170	990	

Head of Neighbourhood Environmental Services

3.2.13 The service has indicated that it is unable to deliver savings to the value of £613k that were built in to the 2009/10 budget (see appendix 2).

3.2.14 The remainder of the variance is made up of minor variations totalling (£1,132k).

3.2.15 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 funds. Work is ongoing to implement these management actions.

3.2.16 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 £122k, 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.

Head of Leisure and Culture

- 3.2.17 £151k overspend on staff costs in Leisure relating to non achievement of vacancy factor of £80k within Leisure and Culture and £71k overspend on wages and overtime.
- 3.2.18 £112k on advertising & publicity, catering, stationery, hardware purchase and training courses due to free swimming.
- 3.2.19 Additional income of £83k partly due to parents accompanying children to free swimming that will help offset the overspend.
- 3.2.20 £56k overspend relating to items below £50k.

Town Centre Management

- 3.2.21 Overspends on employees £54k.
- 3.2.22 Overspend on rents payable in respect of change of contract on St Peters Way Car Park of £53k.
- 3.2.23 Additional daily ticket income at car parks £107k.
- 3.2.24 Reduction in Market income £81k
- 3.2.25 Offset by net savings of £12k on items below £50k.

Finance and Support Directorate

3.2.26 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	Forecast Variance after Action	Narrative
	£,000	£,000	
Director of Finance and Support	(40)	(40)	Employee savings net of the corporate vacancy target.
Head of Finance and Assets	(377)	(377)	See below.
Head of Revenues and Benefits	3	3	Various minor items below £50k
Head of Customer Services and ICT	22	22	Various minor items below £50k
Head of Human Resources	(3)	(3)	Various minor items below £50k
Head of Procurement	6	6	
Total	(389)	(389)	

Head of Finance and Assets

3.2.27 Employee savings net of vacancy target generate a forecast under spend of £105k.

3.2.28 Loss of external rent income £85K due to properties becoming vacant.

3.2.29 £351k saving on Concessionary Fares due to reimbursement rate being lower than budgeted for.

3.2.30 Offset by net savings of £6k on items below £50k.

Planning & Regeneration Directorate

3.2.31 The RAG status for People, Planning, and Regeneration is Green as the Directorate is reporting an over spend below £50k. The reasons for the variance are explained in the table below.

Service Area	Forecast Variance before Action	Forecast Variance after Action	Narrative
	£,000	£,000	
Director of Planning and Regeneration	(2)	(2)	Various minor items below £50k
Head of Planning	102	102	Non achievement of Building Control and Development Control income (£142k) due to credit crunch offset by net saving on items below £50k.
Head of Regeneration and Development	(53)	(53)	Employee savings net of corporate vacancy target offset by net saving on items below £50k..
Total	47	47	

Assistant Chief Executive

3.2.32 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.

Service Area	Forecast Variance before Action	Forecast Variance after Action	Narrative
	£,000	£,000	
Assistant Chief Executives	(80)	(80)	Vacancy savings in excess of corporate vacancy target
Head of Policy and Community Engagement	223	223	The Community Centres saving of £190k will not be achieved in 2009/10. Negotiations are underway with savings to be achieved in future years.
Head of Performance and Improvement	4	4	Various minor items below £50k
Director of Local Strategic Partnership	1	1	N/A
Chief Executives	10	10	Various minor items below £50k
Total	158	158	

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.

Service Area	Forecast Variance before Action*	Forecast Variance after Action*	Narrative
	£,000	£,000	
Borough Solicitor	30	30	Forecast non achievement of corporate vacancy target
Total	30	30	

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.

Service Area	Forecast Variance before Action*	Forecast Variance after Action*	Narrative
	£,000	£,000	
Director of Housing	(3)	(3)	Various minor items below £50k
Head of Housing Strategy, Investment and Performance	11	11	Various minor items below £50k
Head of Landlord Services	0	0	N/A
Head of Housing Needs and Support	42	42	Various minor items below £50k
Total	50	50	

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.

		£,000
	Improvement Fund Balance as at 01.04.2009	1,000
	Total estimated Improvement Fund balance at 31.03.2010	1,000

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

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)

4.1 Policy

- 4.1.1 The table at 3.2.4 shows that the budget is forecast to be over spent by £886k 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 July 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 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 th February 2009 (General Fund Revenue Budget 2009/10 – 2011/12), Cabinet Report of 29 th 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

23 September 2009 Revenue Budget Monitoring Position as at End of June 2009 |

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