



CABINET REPORT

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

Cabinet Meeting Date:	4 November 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 £415k net of management action.

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. The grant determination for this was issued by CLG on 25 September. This allocation was based on the revised CLG 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 £537k 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 August 2009	Projected Outturn Variance to Revised Budget - End August 2009 pre actions	Proposed Application of Reserves & other Management Actions	Projected Outturn Variance to Revised Budget - End August 2009 post actions
		£,000	£,000	£,000	£,000	£,000	£,000	£,000
R	Environment and Culture	12,227	(12)	12,215	12,997	782	(122)	660
G	Finance and Support	17,133	(73)	17,060	16,552	(508)	0	(508)
A	Planning & Regeneration	2,831	10	2,841	2,898	57	0	57
R	Assistant Chief Executive*	4,043	106	4,149	4,271	122	0	122
G	Borough Solicitor	1,171	4	1,175	1,209	34	0	34
A	Housing (GF)	1,472	(26)	1,446	1,496	50	0	50
	Total	38,877	9	38,886	39,423	537	(122)	295

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 under spend of £85k relating to employee budgets. This is the position net of the corporate vacancy target.

3.2.6 The remaining £278k 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 £537k before management action.

3.2.8 Management action to the value of £122k has been identified to partially mitigate the forecast over spend. These actions give rise to a net forecast over spend of £415k.

3.2.9 The over spend of £415k includes the monitoring of the vacancy saving target. The position in relation to the employee budget is shown in a specific column on annex 1 for clarity.

Environment and Culture Directorate

3.2.10 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	91	91	Mainly forecast non-achievement of the corporate vacancy target.
Head of Neighbourhood Environmental Services	563	441	See below
Head of Leisure and Culture	133	133	See below
Town Centre Management	(9)	(9)	See below
Total	782	660	

Head of Neighbourhood Environmental Services

3.2.11 The service has indicated that it is unable to deliver savings to the value of £590k that were built in to the 2009/10 budget (see appendix 2).

3.2.12 In relation to recycling an over achievement of income £469k on green, plastic and metal waste has been partially offset by under achievement of income on paper and glass of £306k mainly due to price decreases in those markets.

3.2.13 The remainder of the variance is made up of minor variations totalling £136k.

3.2.14 In addition the Head of Service is working in a number of areas to manage costs to deliver the service on budget overall. There is a moratorium on spending without prior approval from the Head of Service, a review of overtime with VFM partners, and continued working 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

3.2.15 £167k overspend on staff costs in Leisure relating to non-achievement of vacancy factor of £80k within Leisure and Culture, £37k relating to a restructure, and £50k unmet agency staff savings.

- 3.2.16 £106k over spend on supplies and services including advertising & publicity, catering, printing and stationery, hardware purchase and water charges due to free swimming.
- 3.2.17 Review of budgets and forecasts enabled net additional savings of £140k to be identified

Town Centre Management

- 3.2.18 Overspends on employees totalling £54k.
- 3.2.19 Overspend on rents payable in respect of change of contract on St Peters Way Car Park of £53k.
- 3.2.20 Additional works on Bus Station water relating to a Health and Safety Executive report resulted in unbudgeted costs of £52k.
- 3.2.21 Additional daily ticket income at car parks of £107k.
- 3.2.22 Reduction in Market income £104k is offset by savings on stall dismantling costs for events and an NNDR refund on the Market Square of £111k.
- 3.2.23 Offset by net over spend of £46k on items below £50k.

Finance and Support Directorate

3.2.24 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	(588)	(588)	See below.
Head of Revenues and Benefits	123	123	Various minor items below £50k
Head of Customer Services and ICT	22	22	Various minor items below £50k
Head of Human Resources	(31)	(31)	Employee savings net of the vacancy target £51k offset by various items below £50k
Head of Procurement	6	6	
Total	(508)	(508)	

Head of Finance and Assets

3.2.25 Employee savings net of vacancy target give a £106k forecast under spend.

3.2.26 Loss of external rent income £66k due to properties becoming vacant. This is offset by £40k additional income from rent reviews undertaken.

3.2.27 £345k saving on Concessionary Fares due to reimbursement rate being lower than budgeted for and a decrease in trip activity..

3.2.28 £77k saving from reduction in NNDR charges largely relating to a rebate on Thornton Park Depot.

3.2.29 Additional income of £83k mainly due to successful business rates challenge and income relating to an insurance claim.

3.2.30 In addition there are net savings of £3k on various items below £50k.

Head of Revenues and Benefits

3.2.31 The value of rent allowances paid out by the council has increased as direct result of the recession. The council does not recover the full value of all rent allowances and therefore the increased payment of rent allowances has produced a variance to the budget of £120k.

Planning & Regeneration Directorate

3.2.32 The RAG status for People, Planning, and Regeneration is Amber as the Directorate is reporting an over spend between £50-100k. 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	107	107	See below.
Head of Regeneration and Development	(48)	(48)	£66k employee savings net of corporate vacancy target offset by net over spend £18k on items below £50k.
Total	57	57	

Head of Planning

3.2.33 Planning has a net saving on employee costs of £62k net of vacancy factor mainly relating to changes in retention payments.

3.2.34 The credit crunch continues to have an adverse impact on planning income, with a £95k under achievement of building control income and £47k on Development Control income.

3.2.35 In addition there is a net over spend of £27k on various items below £50k.

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	34	34	Net overspend on employees after corporate vacancy target
Total	34	34	

Assistant Chief Executive

3.2.36 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	(62)	(62)	Various minor items below £50k.
Head of Policy and Community Engagement	189	189	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	(11)	(11)	Various minor items below £50k
Director of Local Strategic Partnership	1	1	Various minor items below £50k
Chief Executives	5	5	Various minor items below £50k
Total	122	122	

Housing Directorate (General Fund)

3.2.29. The RAG status for the Directorate of Housing is Amber as the Directorate is reporting an over spend of between £50-100k. 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. There has been no change to the opening balance on the Improvement Fund Reserve for 2009/10 of £1m.

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

3.2.37. 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.

3.2.38. At the meeting on 14 October 2009 Cabinet agreed to appropriate the unclaimed increase in members' allowances 2008/09 from reserves to CEFAP for investment in communities. This would have been part of the 2008/09 movement in balances, so will impact on the General Fund balance.

3.2.39. Housing Revenue Account (HRA)

3.2.40. 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 £415k 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 August 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

- 5.1 Council Report 26th February 2009 (General Fund Revenue Budget 2009/10 – 2011/12),
- 5.2 Cabinet Report 29th June 2009 (General Fund Budget Outturn 2008/09)

- 5.3 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
- 14 October 2009 Revenue Budget Monitoring Position as at
End of July 2009

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CABINET REPORT

SIGNATORIES

Report Title	REVENUE BUDGET MONITORING 2008/09 – POSITION AS AT THE END OF AUGUST 2009
Date Of Call-Over	October 2009

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

Name	Signature	Date	Ext.
Monitoring Officer or Deputy			
Section 151 Officer or Deputy			