



CABINET REPORT

Report Title	REVENUE BUDGET MONITORING 2009/10 – POSITION AS AT THE END OF DECEMBER 2009
---------------------	--

AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	3 March 2010
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 under spend of £283k 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.
- 3.1.4 This report includes appendix 3 showing actual expenditure at the end of the third quarter in line with the Cabinet decision of 5 August 2009.

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 under spend of £112k 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 December 2009	Projected Outturn Variance to Revised Budget - End December 2009 pre actions	Proposed Application of Reserves & other Management Actions	Projected Outturn Variance to Revised Budget - End December 2009 post actions
		£,000	£,000	£,000	£,000	£,000	£,000	£,000
R	Environment and Culture	12,227	31	12,258	13,070	812	(44)	768
G	Finance and Support	17,133	(51)	17,082	16,477	(605)	(132)	(737)
G	Planning & Regeneration	2,831	219	3,050	3,038	(12)	5	(7)
G	Assistant Chief Executive*	4,043	236	4,279	4,094	(185)	0	(185)
G	Borough Solicitor	1,171	4	1,175	1,096	(79)	0	(79)
G	Housing (GF)	1,472	(51)	1,421	1,378	(43)	0	(43)
	Total	38,877	388	39,265	39,153	(112)	(171)	(283)

Note small variations are due to roundings.

3.2.4 £1,123k of the projected position relates to policy and efficiency savings that Budget Managers have indicated still require further work. Appendix 2 contains details of these savings and action being undertaken.

3.2.5 Included within the forecast is a projected under spend of £417k relating to employee budgets. This is the position net of the corporate vacancy target.

3.2.6 The remaining £818k under spend before action and funding virements relates to emerging issues identified by Budget Managers.

3.2.7 Overall these items give a forecast under spend of £112k before management action.

3.2.8 Management action to the value of £171k has been identified to partially mitigate the forecast over spend. These actions give rise to a net forecast under spend of £283k.

3.2.9 The under spend of £283k includes the monitoring of the vacancy saving target. The position in relation to the employee budget is shown in a specific column on appendix 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 Environment and Culture	3	3	Various minor items below £50k
Head of Public Protection	(15)	(15)	£58k unachievable income due to a reduction in CCTV rentals is offset by various minor items below £50k
Head of Neighbourhood Environmental Services	539	495	See below
Head of Leisure and Culture	237	325	See below
Town Centre Management	48	48	See below
Total	812	768	

Head of Neighbourhood Environmental Services

3.2.11 The service has indicated that it is unable to deliver savings to the value of £678k that were built in to the 2009/10 budget (see below and appendix 2).

3.2.12 Net employee variations show £62k under spend.

3.2.13 £90k under recovery of income relating to white/bulky goods.

3.2.14 In relation to recycling an over achievement of income £471k on green, plastic and metal waste has been partially offset by under achievement of income on paper and glass of £273k mainly due to price decreases in those markets.

3.2.15 £58k saving on glass and paper haulage costs due to fewer collections from bottle banks is offset by £244k overspend on additional haulage costs for green waste.

3.2.16 This is offset by various net savings under £50k totalling £168k.

3.2.17 Northgate Kendrick Ash savings for 2009/10 previously expected to be £20k, are no longer achievable leaving a net cost in 2009/10 of £73k. Savings are now expected in future years.

3.2.18 Management action of £11k in relation to staff transfer and £33k in relation to Glass Recycling boxes has been identified.

Head of Leisure and Culture

- 3.2.19 The £281k over spend on employees in Leisure and culture is offset by savings in the museum service on utilities of £66k
- 3.2.20 Museums also show additional income of £50k offset by an overspend of £59k on supplies and services.
- 3.2.21 The £88k saving on equipment leasing in Leisure is in addition to a further £91k saving on leisure utilities
- 3.2.22 These are offset by net overspend on items below £50k of £126k.

Town Centre Management

- 3.2.23 An overspend on rents payable in respect of change of contract on St Peters Way Car Park of £83k, which is offset by £107k additional daily ticket income.
- 3.2.24 An overspend of £98k on maintenance of the bus station due to a HSE report are offset by savings of (£148k) on Gas and Electric
- 3.2.25 These are offset by net over spend of £122k 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	(49)	(49)	Employee savings net of the corporate vacancy target.
Head of Finance and Assets	(740)	(740)	See below.
Head of Revenues and Benefits	382	250	Significant increase in benefits caseload.
Head of Customer Services and ICT	(80)	(80)	See below.
Head of Human Resources	(124)	(124)	£79k net saving on single status and various items below £50k totalling £45k.
Head of Procurement	6	6	Various minor items below £50k
Total	(605)	(737)	

Head of Finance and Assets

- 3.2.27 Employee savings net of vacancy target give £219k forecast under spend.
- 3.2.28 Loss of external rent income £80k due to vacant properties is offset by £40k additional income from rent reviews and £171k saving on business rates, including rebates for Thornton Park Depot and the Market Square.
- 3.2.29 £386k saving on Concessionary Fares due to reimbursement rate being lower than budgeted for, updated information on average fares, and a lower level of trip activity than budgeted.
- 3.2.30 In addition there are net saving of £4k on various items below £50k.

Head of Customer Services and ICT

- 3.2.31 Employee savings net of vacancy target give £85k forecast under spend.
- 3.2.32 In addition there are savings on office accommodation costs of £50k mainly relating to savings on utilities.
- 3.2.33 In addition there are net cost of £55k on various items below £50k.

Planning & Regeneration Directorate

- 3.2.34 The RAG status for People, Planning, and Regeneration 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 Planning and Regeneration	(6)	(6)	Various minor items below £50k
Head of Planning	55	55	See below.
Head of Regeneration and Development	(61)	(56)	See below.
Total	(12)	(6)	

Head of Regeneration and Development

- 3.2.35 A £93k employee saving net of corporate vacancy target is offset by net over spend £32k on items below £50k.
- 3.2.36 An adjustment for a carry forward of reserves is shown in the virement from reserves column to correct a previous draw down from reserves of a higher value than had been carried forward for this project.

Head of Planning

- 3.2.37 Planning has a net saving on employees of £107k net of vacancy factor mainly relating to changes in retention payments and the 1% pay award settlement.
- 3.2.38 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.
- 3.2.39 In addition there is a net over spend of £20k on various items below £50k.

Borough Solicitor

3.2.40 The RAG status for the Borough Solicitor is Green as the Service is reporting an underspend. 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	(79)	(79)	Various minor items below £50k
Total	(79)	(79)	

Assistant Chief Executive

3.2.41 The RAG status for Directorate of Assistant Chief Executive 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	
Assistant Chief Executives	(61)	(61)	Various minor items below £50k.
Head of Policy and Community Engagement	(86)	(86)	See below
Head of Performance and Improvement	(31)	(31)	Various minor items below £50k
Director of Local Strategic Partnership	(30)	(30)	Various minor items below £50k
Chief Executives	23	23	Various minor items below £50k
Total	(185)	(185)	

Head of Policy and Community Engagement

3.2.42 There is a £190k overspend due to unachievable savings targets. This relates to the efficiency saving for Community Centres.

3.2.43 Members' expenses are underspent by £78k.

3.2.44 In addition there is £256k over recovery of income. This is mainly due to additional grants of £52k, £83k additional contributions from other local authorities, room hire fees £60k, and £49k external rents and service charges.

3.2.45 These are offset by net costs of £58k on various items below £50k.

Housing Directorate (General Fund)

3.2.46 The RAG status for the Directorate of Housing is Green as the Directorate is reporting an under spend. 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	(5)	(5)	Various minor items below £50k
Head of Housing Strategy, Investment and Performance	(1)	(1)	£139k saving on vacant posts offset by costs of consultant cover £138k
Head of Landlord Services	0	0	N/A
Head of Housing Needs and Support	(37)	(37)	See Below
Total	(43)	(43)	

Head of Housing Needs and Support

3.2.47 £75k overspend has been incurred on homeless grants is offset by additional income of £68k for homeless grants

3.2.48 £66k additional income has been achieved in Home Choice and Resettlement.

3.2.49 The remaining £22k relates to a net overspend on various items less than £50k.

Other Areas for Information

3.2.50 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, giving particular attention to managing the employee establishment.

Improvement Fund

3.2.51 The opening balance on the Improvements Reserve for 2009/10 was £1m. In September 2009 approval was given in line with the Council resolution of 26 February 2009 to draw down £150k of this earmarked reserve for a Programme Manager for SBR and other key change projects.

Corporate Initiatives (LABGI) Earmarked Reserve

3.2.52 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
Market Square Lighting	-30
Citizens Advice Bureau	-21
Earmarked in 2008/09 B/fwd:	
Market Square Designer	-20
Car Parking Feasibility	-20
Fish Market	-26
Leisure Feasibility	-25
Leisure Feasibility – Conditional Element	-30
Links View Flood Investigation	-3
Total estimated LABGI balance at 31.03.2009	168

3.2.53 Excluding earmarked items, a total of £38k has been drawn down from this Earmarked Reserve in line with the Council resolutions of 26 February 2009.

General Fund Balances

3.2.54 Following the completion of the audit of the year-end accounts 2008/09 the opening General Fund Balance for 2009/10 was revised to £2,006k.

3.2.55 Following Cabinet approval on 14 October 2009 to appropriate the unclaimed increase in members' allowances 2008/09 of £10,970 from reserves to CEFAP for investment in communities, this is amended to £1,995k

Housing Revenue Account (HRA)

3.2.56 The HRA position is detailed in a separate report 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 year end.

3.3.2 Consideration must be given as to whether further management action can be taken to achieve the savings identified by Budget Managers as unachievable.

3.3.3 Consideration may be given to options for further constraining corporate expenditure without detriment to front line service delivery to increase the projected net underspend.

4. Implications (including financial implications)

4.1 Policy

4.1.1 The table at 3.2.3 shows that the budget is forecast to be under spent by £283k 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 December 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
4 November 2009 Revenue Budget Monitoring Position as at End of August 2009
25 November 2009 Revenue Budget Monitoring Position as at End of September 2009
16 December 2009 Revenue Budget Monitoring Position as at End of October 2009
20 January 2010 Revenue Budget Monitoring Position as at End of November 2009

Gavin Chambers, Head of Finance, ext 7194

Rebecca Smith, Assistant Head of Finance, ext 8046