



CABINET REPORT

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| Report Title | REVENUE BUDGET MONITORING 2009/10 – POSITION AS AT THE END OF JANUARY 2010 |
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AGENDA STATUS: PUBLIC

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|------------------------------------|---------------------|
| Cabinet Meeting Date: | 17 March 2010 |
| Key Decision: | NO |
| Listed on Forward Plan: | YES |
| Within Policy: | YES |
| Policy Document: | NO |
| Directorate: | Finance and Support |
| Accountable Cabinet Member: | Cllr D 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 £601k 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 earmarked to for regeneration and development purposes by Cabinet at its meeting on 24 February 2010.

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 £573k 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 January 2010 | Projected Outturn Variance to Revised Budget - End January 2010 pre actions | Proposed Application of Reserves & other Management Actions | Projected Outturn Variance to Revised Budget - End January 2010 post actions |
|-----|----------------------------------|-------------------------------|---------------------------------|-------------------------------|---|---|--|--|
| | | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 |
| R | Environment and Culture | 12,227 | 45 | 12,272 | 12,848 | 576 | (33) | 543 |
| G | Finance and Support | 17,133 | (14) | 17,119 | 16,044 | (1,075) | 0 | (1,075) |
| G | Planning & Regeneration | 2,831 | 205 | 3,036 | 3,068 | 32 | 5 | 37 |
| G | Assistant Chief Executive* | 4,043 | 269 | 4,312 | 4,263 | (49) | 0 | (49) |
| G | Borough Solicitor | 1,171 | 47 | 1,218 | 1,149 | (69) | 0 | (69) |
| G | Housing (GF) | 1,472 | (51) | 1,421 | 1,433 | 12 | 0 | 12 |
| | Total | 38,877 | 501 | 39,378 | 38,805 | (573) | (28) | (601) |

Note small variations are due to roundings.

3.2.4 £1,151k 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 £684k relating to employee budgets. This is the position net of the corporate vacancy target.

3.2.6 The remaining £1,040k 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 £573k before management action.

3.2.8 Management action to the value of £28k has been identified to partially mitigate the forecast over spend. These actions give rise to a net forecast under spend of £601k.

3.2.9 The under spend of £601k 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 | (5) | (5) | £58k unachievable income due to a reduction in CCTV rentals is offset by various minor items below £50k |
| Head of Neighbourhood Environmental Services | 431 | 398 | See below |
| Head of Leisure and Culture | 185 | 185 | See below |
| Town Centre Management | (38) | (38) | See below |
| Total | 576 | 543 | |

Head of Neighbourhood Environmental Services

3.2.11 The service has indicated that it is unable to deliver savings to the value of £692k that were built in to the 2009/10 budget (see below and appendix 2).

3.2.12 £90k under recovery of income relating to white/bulky goods.

3.2.13 In relation to recycling an over achievement of income £492k on green, plastic and metal waste has been partially offset by under achievement of income on paper and glass of £209k mainly due to price decreases in those markets.

3.2.14 £58k saving on glass and paper haulage costs due to fewer collections from bottle banks is offset by £237k overspend on additional haulage costs for green waste.

3.2.15 This is offset by various net savings under £50k totalling £247k.

3.2.16 Northgate Kendrick Ash savings are now expected to be delivered in future years.

3.2.17 Management action of £33k in relation to Glass Recycling boxes has been identified.

Head of Leisure and Culture

3.2.18 £273k over spend on employees in Leisure and Culture mainly relates to Leisure Centres.

- 3.2.19 Museums also show additional income of £95k offset by an overspend of £107k on supplies and services.
- 3.2.20 Events are reporting a £136k overspend on supplies and services offset by an over recovery of income totalling £83k both mainly relating to events on the Market Square.
- 3.2.21 These are offset by net under spend on items below £50k of £153k.

Town Centre Management

- 3.2.22 Employees show an overspend of £51k relating to unachieved vacancy factor, temporary staff covering long term sickness and an unbudgeted team leader post.
- 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 £69k 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 £156k on Gas and Electric and NNDR £133k.
- 3.2.25 These are offset by net over spend of £88k 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 £,000 | Forecast Variance after Action £,000 | Narrative |
|-----------------------------------|--|---|--|
| Director of Finance and Support | (50) | (50) | Employee savings net of the corporate vacancy target. |
| Head of Finance and Assets | (1,255) | (1,255) | See below. |
| Head of Revenues and Benefits | 411 | 411 | Significant increase in benefits caseload. |
| Head of Customer Services and ICT | (61) | (61) | See below. |
| Head of Human Resources | (126) | (126) | £192k net saving on single status and various items below £50k totalling £66k additional cost. |
| Head of Procurement | 6 | 6 | Various minor items below £50k |
| Total | (1,075) | (1,075) | |

Head of Finance and Assets

- 3.2.27 Employee savings net of vacancy target give £234k forecast under spend.
- 3.2.28 Loss of external rent income £80k due to vacant properties is offset by a £548k saving on business rates, including rebates for various car parks, Thornton Park Depot and the Market Square.
- 3.2.29 £475k 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, which is partly due to the adverse weather conditions during December and January.
- 3.2.30 In addition there are net saving of £78k on various items below £50k.

Head of Customer Services and ICT

- 3.2.31 Employee savings net of vacancy target give £128k forecast under spend.
- 3.2.32 In addition there are savings on office accommodation costs of £108k mainly relating to savings on utilities.
- 3.2.33 There is a technical variance on the print unit equating to an overspend of £135k.
- 3.2.34 In addition there are net cost of £40k on various items below £50k.

Planning & Regeneration Directorate

- 3.2.35 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 | (7) | (7) | Various minor items below £50k |
| Head of Planning | 41 | 41 | See below. |
| Head of Regeneration and Development | (2) | 3 | See below. |
| Total | 32 | 37 | |

Head of Regeneration and Development

- 3.2.36 A £92k employee saving net of corporate vacancy target offsets a net over spend of £52k on the Market Square lighting project.
- 3.2.37 In addition there are net cost of £38k on various items below £50k
- 3.2.38 An adjustment of £5k 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.

Head of Planning

3.2.39 Planning has a net saving on employees of £135k net of vacancy factor mainly relating to changes in retention payments and the 1% pay award settlement.

3.2.40 The credit crunch continues to have an adverse impact on planning income, with a £109k under achievement of building control income and £46k on Development Control income.

3.2.41 In addition there is a net over spend of £21k on various items below £50k.

Borough Solicitor

3.2.42 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 | (69) | (69) | Various minor items below £50k |
| Total | (69) | (69) | |

Assistant Chief Executive

3.2.43 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 | (60) | (60) | Various minor items below £50k. |
| Head of Policy and Community Engagement | 49 | 49 | See below |
| Head of Performance and Improvement | (30) | (30) | Various minor items below £50k |
| Director of Local Strategic Partnership | (30) | (30) | Various minor items below £50k |
| Chief Executives | 22 | 22 | Various minor items below £50k |
| Total | (49) | (49) | |

Head of Policy and Community Engagement

- 3.2.44 A £142k overspend on employees net of corporate vacancy target.
- 3.2.45 There is a £190k overspend due to unachievable savings targets. This relates to the efficiency saving for Community Centres.
- 3.2.46 Members' expenses are underspent by £78k.
- 3.2.47 In addition there is over recovery of income mainly due to additional grants of £55k, additional contributions £84k from other local authorities for Neighbourhood Co-ordinators, room hire fees £60k.
- 3.2.48 These are offset by net savings of £6k on various items below £50k.

Housing Directorate (General Fund)

- 3.2.49 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 | (27) | (27) | £142k saving on vacant posts offset by costs of consultant cover £113k and £2k on minor items below £50k. |
| Head of Landlord Services | 0 | 0 | N/A |
| Head of Housing Needs and Support | 44 | 44 | See Below |
| Total | 12 | 12 | |

Head of Housing Needs and Support

- 3.2.50 £75k additional expenditure has been incurred on Homeless grants within Home Choice and Resettlement. This is offset by £66k additional income and £59k homelessness grant income relating to the previous year.
- 3.2.51 A £152k saving has been achieved on Private Sector Leasing mainly relating to additional grants received for Fostering Network, Supporting people, Rough Sleeping and Supported Lodgings.
- 3.2.52 Housing options is showing an overspend of £78k mainly relating to consultants costs and rent assistance.
- 3.2.53 The variations described at paragraphs 3.2.50 to 3.2.52 come to a total under spend of £124k. This leaves £168k additional expenditure relating to minor variations (each of less than £50k) to make up the total £44k over spend.

Other Areas for Information

3.2.54 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

3.2.55 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

3.2.56 The opening balance on the Corporate Initiatives Reserve for 2009/10 was £351k. A new allocation for 2009/10 was announced in July 2009. The unearmarked element of this reserve has been ring fenced to Regeneration and Development by Council resolution of 26 February 2009 and Cabinet decision of 24 February 2010.

| | £,000 |
|--|------------|
| LABGI Balance as at 01.04.2009 | 351 |
| 2009/10 LABGI Allocation | 124 |
| 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 31.03.2010 | 292 |

3.2.57 Excluding earmarked items, a total of £59k has been drawn down from this Earmarked Reserve in line with the Council resolutions of 26 February 2009.

General Fund Balances

3.2.58 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.

3.2.59 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)

3.2.60 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 £601k 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 January 2010.
- 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

10 February 2010 Budget Monitoring Position as at End of
December 2009

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