

Report for Information

Report to Executive
28 October 2009
Report of Head of Finance
Subject Revenue Budget Monitoring 2009/10

5

Purpose

To update Executive on the current financial position and forecast outturn.

Recommendations

That Executive note the report.

Financial Consequences

The financial consequences are set out in the body of the report.

Risk Assessment

Financial risks are set out within the report.

Strategic Priority and Outcome/Service Priorities

The report helps to meet the strategic priority "Aiming for excellence – ensuring the Council is efficient in its use of resources, is effective in delivering its plans, is a good employer and communicates effectively with its customers, staff and partners".

Executive Member: Councillor Waters - Corporate Resources and Governance

Ward: All

Contact Officers

Barry Marshall, Head of Finance
Mark Smith, Financial Control Manager

01603 212556
01603 212561

Background Documents

None

Report

1. The attached appendices show the year-to-date and forecast outturn positions for the General Fund and the Housing Revenue Account:

- Appendix 1 shows the General Fund by Directorate and Service
- Appendix 2 shows the General Fund by Subjective Group
- Appendix 3 shows the Housing Revenue Account in (near) statutory format
- Appendix 4 shows the Housing Revenue Account by Subjective Group

General Fund

2. The General Fund reports show a forecast underspend of £1.53m, though further prudent provisions should be made as follows:

- £0.30m - Additional provision for Bad Debts relating to uncollectable rents etc.
- £0.50m - Provision for de minimis expenditure no longer financeable from Capital

3. The resulting General Fund forecast underspends amounts to **£0.73m**. Other significant contributory factors include:

<i>Service</i>	<i>Forecast Variance £000s</i>	<i>Comment</i>
Communications & Culture	(123)	Grants underspend; Repairs underspend; Vacant posts; Events underspend.
Customer Contact	(206)	Staff restructure – vacant posts
Legal & Democratic Services	(126)	Increased Licensing & grant income; Cemeteries repairs underspend; Vacant posts.
Asset Management	(1,047)	Parking income currently exceeding (reduced) budget by £½m; property rental income currently exceeding (reduced) budget.
Planning	241	Development Control reduced income, GNDP accruals awaiting management confirmation.
Community Services	(180)	Repairs underspend; Reduced supplies and services costs on Community Safety; Reduced grounds maintenance spend.
Neighbourhood Housing	(173)	Repairs under-spend highly susceptible to fluctuation
Strategic Housing	(291)	Employee savings on vacancies & pay costs, additional income received due to increased fees & charges, reduction in homelessness accommodation & Private Sector Leasing Scheme surplus envisaged

Housing Revenue Account

4. The Housing Revenue Account shows a forecast underspend of **£1.20m**. Significant contributory factors include:

<i>Service Area</i>	<i>Forecast Variance £000s</i>	<i>Comment</i>
Repairs & Maintenance	(292)	Highly susceptible to fluctuation due to lack of predictability of void turnaround (=cost)
Rent, Rates, & Property Costs	9,268	Artificial variances generated by clearance of Insurance holding accounts & water rates
Miscellaneous Income	(9,437)	
General Management	(722)	Employee savings on vacancies & pay costs, additional income received not envisaged (DWP/Mediation Service), giro charges & legal expenses reduced
Special Services	(467)	Reduced Estate Management spend, saving on Premises Management expansion, contracts currently out to tender & employee savings on vacancies & pay costs
Revenue Contribution to Capital	1,410	Offsetting impact of reduced RTB receipts
General Management	(722)	Employee savings on vacancies & pay costs, additional income received not envisaged (DWP/Mediation Service), giro charges & legal expenses reduced

5. HRA budgets will shortly be recast to remove the impact on Rents and Subsidy of the reduced rent increase and the clearance of holding accounts.

Risks

6. The forecast outturns are estimates based on management assessments and extrapolation. They may not adequately take account of variables such as:
- Bad Debts – budget reports show gross debt, i.e., invoices raised. While allowance has been made in the budget for non-collections, the current economic climate may have an adverse influence on our ability to collect money owed.
 - Changes in Accounting Standards – the movement towards International Financial Reporting Standards impacts on income & expenditure, since expenditure that has previously been funded from Capital is now deemed de minimis and must be funded from Revenue.
 - Concessionary Fares – forecasts are based on recent levels of activity. If concessionary traffic increases, there could be further adverse financial impacts.
 - Seasonal Factors – if adverse weather conditions or a worsening economic climate depress levels of trade and leisure activities in the city, there will be a negative impact on parking and other income.

- Housing Repairs & Improvements – the rate of spend on Void properties, though being closely managed, is heavily influenced by void turnaround, since transfers can create a chain of voids involving significant repair costs.
7. Overall levels of underspend will have an ongoing impact on the budget for following years and the size and urgency of savings requirements.

GENERAL FUND SERVICE SUMMARY

<i>Approved Budget</i>	<i>Current Budget</i>		<i>Budget To Date</i>	<i>Actual To Date</i>	<i>Variance To Date</i>	<i>Forecast Outturn</i>	<i>Forecast Variance</i>
Chief Executive							
65,399	68,099	Chief Executive	28,365	213,056	184,691	35,392	(32,707)
2,638,288	2,665,588	Communications & Culture	1,110,643	1,277,992	167,349	2,542,203	(123,385)
2,733,687	2,733,687	Total Chief Executive	1,139,008	1,491,048	352,039	2,577,595	(156,092)
Corporate Resources							
42,955	43,655	Corporate Resources	18,180	51,614	33,434	37,748	(5,907)
411,588	425,688	Customer Contact	177,370	1,083,470	906,100	219,856	(205,832)
3,085,866	3,183,531	Finance	1,326,522	(17,363,215)	(18,689,737)	3,861,681	678,150
3,235	(159,865)	HR & Learning	(66,610)	666,927	733,537	(160,276)	(411)
2,250,121	2,318,599	Legal & Democratic Services	966,103	960,959	(5,144)	2,192,493	(126,106)
896,591	623,385	Procurement & Service Improvement	259,744	2,972,771	2,713,027	528,827	(94,558)
6,434,993	6,434,993	Total Corporate Resources	2,681,309	(11,627,474)	(14,308,783)	6,680,329	245,336
Regen & Devt							
27,669	29,469	Director of Regeneration & Development	12,270	52,689	40,419	15,228	(14,241)
29,469	29,469	Total Regen & Devt	12,270	52,689	40,419	15,228	(14,241)
Regen & Devt (City)							
120,918	140,218	Asset Management	(167,429)	(2,601,618)	(2,434,189)	(906,326)	(1,046,544)
95,350	95,350	Assistant Director (City)	39,730	40,685	955	97,644	2,294
46,838	111,512	City Growth & Dev't	46,460	44,345	(2,115)	107,121	(4,391)
517,180	508,624	Economic Development	211,920	(543,058)	(754,978)	473,484	(35,140)
1,947,204	1,881,827	Planning	784,121	308,057	(476,064)	2,122,328	240,501
3,061,055	3,067,255	Transportation & Landscape	1,278,020	1,899,101	621,081	3,150,072	82,817
5,804,786	5,804,786	Total Regen & Devt (City)	2,192,822	(852,488)	(3,045,310)	5,044,324	(760,462)
Regen & Devt (Nhood)							
88,543	88,543	Assistant Director (Neighbourhoods)	36,895	21,277	(15,618)	51,064	(37,479)
5,840,820	5,866,828	Citizen Services	2,444,492	2,009,283	(435,209)	5,797,646	(69,182)
5,200,317	5,328,139	Community Services	2,220,045	1,638,985	(581,061)	5,148,253	(179,886)
898,694	561,924	Neighbourhood Housing	234,125	(131,539)	(365,664)	388,810	(173,114)
1,581,763	1,927,834	Strategic Housing	803,255	198,464	(604,791)	1,636,352	(291,482)
13,773,268	13,773,268	Total Regen & Devt (Nhood)	5,738,812	3,736,469	(2,002,343)	13,022,125	(751,143)
Transformation							
215,668	222,268	Transformation	92,640	314,349	221,709	123,154	(99,114)
222,268	222,268	Total Transformation	92,640	314,349	221,709	123,154	(99,114)
29,036,062	28,998,471	Total General Fund	11,856,862	(6,885,406)	(18,742,268)	27,462,754	(1,535,717)

GENERAL FUND SUBJECTIVE SUMMARY

<i>Approved Budget</i>	<i>Current Budget</i>		<i>Budget To Date</i>	<i>Actual To Date</i>	<i>Variance To Date</i>	<i>Forecast Outturn</i>	<i>Forecast Variance</i>
23,423,753	22,987,577	Employees	9,557,731	9,583,085	25,354	23,101,370	113,793
8,436,578	8,565,578	Premises	3,569,038	3,588,000	18,962	8,350,873	(214,705)
400,366	394,576	Transport	164,445	98,958	(65,487)	244,715	(149,861)
16,413,464	25,054,395	Supplies & Services	10,438,945	11,910,506	1,471,561	26,541,805	1,487,410
3,673,402	3,673,402	Third Party Payments	1,530,590	1,311,966	(218,624)	3,148,719	(524,683)
63,419,931	63,419,931	Transfer Payments	26,424,975	15,434,111	(10,990,864)	63,419,931	0
2,671,150	3,072,748	Capital Charges	1,280,328	1,342,959	62,631	3,165,350	92,602
(25,654,910)	(25,996,982)	Receipts	(11,037,193)	(13,908,747)	(2,871,553)	(25,323,945)	673,037
(68,399,982)	(68,190,602)	Government Grants	(28,412,755)	(36,782,755)	(8,370,000)	(70,928,075)	(2,737,473)
1,208,544	1,178,544	Centrally Managed	491,075	266,363	(224,712)	905,923	(272,621)
35,946,720	26,625,155	Recharge Expenditure	11,093,784	449,912	(10,643,872)	26,582,263	(42,892)
(32,502,954)	(31,785,851)	Recharge Income	(13,244,101)	(179,766)	13,064,335	(31,746,175)	39,676
29,036,062	28,998,471	Total General Fund	11,856,862	(6,885,406)	(18,742,268)	27,462,754	(1,535,717)

HOUSING REVENUE ACCOUNT STATUTORY SUMMARY

<i>Approved Budget</i>	<i>Current Budget</i>		<i>Budget To Date</i>	<i>Actual To Date</i>	<i>Variance To Date</i>	<i>Forecast Outturn</i>	<i>Forecast Variance</i>
14,067,534	14,067,534	Repairs & Maintenance	5,861,475	3,475,717	(2,385,758)	13,775,818	(291,716)
90,240	90,240	Rents, Rates, & Other Property Costs	37,600	5,886,017	5,848,417	9,358,866	9,268,626
9,912,762	9,543,756	General Management	3,976,621	2,009,649	(1,966,972)	8,821,834	(721,922)
6,340,200	6,409,426	Special Services	2,670,704	1,923,860	(746,844)	5,941,998	(467,428)
10,192,600	10,192,600	Depreciation & Impairment	4,246,920	0	(4,246,920)	10,192,600	0
150,000	150,000	Provision for Bad Debts	62,500	0	(62,500)	150,000	0
(48,879,800)	(48,879,800)	Dwelling Rents	(20,366,585)	(15,812,373)	4,554,212	(47,447,888)	1,431,912
(2,235,930)	(2,235,930)	Garage & Other Property Rents	(931,640)	(882,742)	48,898	(2,179,120)	56,810
8,768,600	8,768,600	Housing Subsidy	3,653,585	0	(3,653,585)	7,358,600	(1,410,000)
(2,708,018)	(2,708,018)	Service Charges - General	(1,128,340)	(1,499,123)	(370,783)	(3,636,259)	(928,241)
(29,150)	(29,150)	Service Charges - District Heating	(12,145)	3,000	15,145	(26,150)	3,000
(95,066)	(95,066)	Miscellaneous Income	(39,610)	(5,521,216)	(5,481,606)	(9,532,523)	(9,437,457)
9,929,400	9,929,400	Adjustments & Financing Items	4,137,250	(124,753)	(4,262,003)	11,223,772	1,294,372
(836,200)	(499,430)	Amenities shared by whole community	(208,095)	0	208,095	(499,430)	0
(192,850)	(192,850)	Interest Received	(80,355)	0	80,355	(192,850)	0
4,474,322	4,511,312	Total Housing Revenue Account	1,879,885	(10,541,965)	(12,421,850)	3,309,268	(1,202,044)

HOUSING REVENUE ACCOUNT SUBJECTIVE SUMMARY

<i>Approved Budget</i>	<i>Current Budget</i>		<i>Budget To Date</i>	<i>Actual To Date</i>	<i>Variance To Date</i>	<i>Forecast Outturn</i>	<i>Forecast Variance</i>
6,842,000	6,948,226	Employees	2,895,129	2,576,384	(318,746)	6,616,916	(331,310)
15,870,114	15,872,064	Premises	6,613,510	10,617,870	4,004,360	24,131,984	8,259,920
192,570	192,570	Transport	80,255	109,146	28,891	141,590	(50,980)
3,798,355	3,718,465	Supplies & Services	1,549,348	354,005	(1,195,342)	3,285,291	(433,174)
7,442,787	7,114,721	Recharge Expenditure	2,964,468	10,351	(2,954,117)	7,125,072	10,351
11,917,400	11,917,400	Capital Charges	4,965,585	0	(4,965,585)	11,917,400	0
(55,494,364)	(55,494,364)	Receipts	(23,122,670)	(24,196,241)	(1,073,571)	(64,094,244)	(8,599,880)
8,531,790	8,531,790	Government Grants	3,554,910	(13,481)	(3,568,391)	7,121,790	(1,410,000)
(2,185,330)	(1,848,560)	Recharge Income	(770,235)	0	770,235	(1,905,532)	(56,972)
7,559,000	7,559,000	Rev Contribs to Capital	3,149,585	0	(3,149,585)	8,969,000	1,410,000
4,474,322	4,511,312	Total Housing Revenue Account	1,879,885	(10,541,965)	(12,421,850)	3,309,268	(1,202,044)