

## Report for Information

**Report to** Cabinet  
8 December 2010  
**Report of** Head of finance  
**Subject** Revenue budget monitoring 2010/11

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### **Purpose**

To update cabinet on the current financial position up to 31 August 2010.

### **Recommendations**

To note the report and annexes.

### **Financial Consequences**

The financial consequences are set out in the annexes to the report.

### **Risk Assessment**

Financial risks are set out within the annexes to 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 – resources, performance and shared services

**Ward:** All

### **Contact Officers**

Barry Marshall, head of finance	01603 212556
Mark Smith, financial control manager	01603 212561

### **Background Documents**

None

## Report

1. This report presents the revenue budget monitoring position for the following periods, annexed to this report:

Annexe A	April to June 2010
Annexe B	April to July 2010
Annexe C	April to August 2010

2. The content of annexe C, being the most recent, is informed by the annexes relating to the previous periods as well as the relevant period's financial activity.

## Report

1. The attached appendices show the year-to-date positions for the general fund and the housing revenue account:
  - Appendix 1 shows the general fund by directorate and service, and by subjective group
  - Appendix 2 shows the housing revenue account in (near) statutory format, and by subjective group

## General Fund

2. The general fund reports show a forecast underspend of **£1.63m**.
3. Significant contributory factors include:

<i>Service</i>	<i>Forecast Variance £000s</i>	<i>Comment</i>
Economic Development	(1,000)	LEGI grant funding
Concessionary Fares	(326)	Consultant's current estimate of spend

4. Actual income and expenditure for the year to date is behind schedule owing to early receipt of government grant and delays in paying and allocating contractor expenditure.

## Housing Revenue Account

5. The housing revenue account shows a forecast underspend of **£0.15** (see para 2).
6. Significant contributory factors include:

<i>Service</i>	<i>Forecast Variance £000s</i>	<i>Comment</i>
HRA debt charges	1,890	Anticipated debt charges exceed budget
Special services	(944)	Forecast contract & salaries underspends
Housing subsidy	(221)	Anticipated reduction in negative subsidy
Other property costs	(322)	Reduction in Anglia Water charges

7. Actual income and expenditure for the year to date is behind schedule owing to delays in paying and allocating contractor expenditure and early receipt of government grant.

## Risks

8. The budgets approved by council on 23 February 2010 were drawn up before the general election, and could not therefore accurately anticipate the impact of changes in government policy. There are risks to the current and medium term financial position from:

- Reductions in government grant – including area based grant and, for future years, revenue support grant, which will constrain the council's spending.
  - Changes in policy – if further “empowerment” of local authorities is not matched by devolved resources
9. 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. This will be reflected in higher provisions for bad debt.
  - 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 closely managed, is heavily influenced by void turnaround, since transfers can create a chain of voids involving significant repair costs.

## Financial Planning

10. Overall levels of underspend will have an ongoing impact on the budget for following years and the size and urgency of savings requirements.
11. Net overspends and underspends will be consolidated into the general fund and housing revenue account balances carried forward to 2011/12.

## Impact on Balances

12. The prudent minimum level of general fund reserves has been assessed as £4.244m. The forecast position is as follows:

Budgeted balance at 1 April 2010	- £5.051m
Impact of unaudited 2009/10 outturn	- £0.106m
Unaudited balance at 1 April 2010	- £5.157m
Budgeted use of balances 2010/11	£0.748m
Budgeted contribution to balances 2010/11	- £0.400m
Forecast over/(Under)spend 2010/11	- £1.633m
Forecast balance at 31 March 2011	- £6.442m

## Annexe A – April to June 2010

13. The prudent minimum level of HRA reserves has been assessed as £2.803m. The forecast position is as follows:

Budgeted balance at 1 April 2010	- £4.311m
Impact of unaudited 2009/10 outturn	- £1.459m
Unaudited balance at 1 April 2010	- £5.770m
Budgeted contribution to/use of balances 2010/11	- £3.052m
Forecast over/underspend 2010/11	£0.015m
Forecast balance at 31 March 2011	- £8.807m

## Budget Monitoring Summary

Year: 2010/11

Period: 3 (Jun)

Appendix 1

**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>
<b>Chief Executive</b>							
59,316	59,316	Chief Executive	57,447	77,336	19,889	52,920	(6,396)
2,995,345	2,995,345	Communications & Culture	659,187	648,160	(11,027)	2,815,150	(180,195)
<b>3,054,661</b>	<b>3,054,661</b>	<b>Total Chief Executive</b>	<b>716,634</b>	<b>725,496</b>	<b>8,862</b>	<b>2,868,070</b>	<b>(186,591)</b>
<b>Corporate Resources</b>							
45,715	45,715	Corporate Resources	32,964	31,161	(1,803)	38,519	(7,196)
665,202	665,202	Customer Contact	804,399	715,760	(88,639)	342,213	(322,989)
3,470,603	3,198,119	Finance	(7,050,805)	(6,743,051)	307,754	4,256,542	1,058,423
(269,446)	(269,446)	HR & Learning	383,421	422,727	39,306	(357,241)	(87,795)
861,792	861,792	Legal & Democratic Services	388,485	426,666	38,181	1,037,707	175,915
(1,041,676)	(1,041,676)	Procurement & Service Improvement	1,541,082	1,337,002	(204,080)	(927,489)	114,187
<b>3,732,190</b>	<b>3,459,706</b>	<b>Total Corporate Resources</b>	<b>(3,900,054)</b>	<b>(3,809,735)</b>	<b>90,719</b>	<b>4,390,250</b>	<b>930,544</b>
<b>Regen &amp; Devt</b>							
28,303	28,303	Director of Regeneration & Development	(15,585)	28,835	44,420	4,114	(24,189)
<b>28,303</b>	<b>28,303</b>	<b>Total Regen &amp; Devt</b>	<b>(15,585)</b>	<b>28,835</b>	<b>44,420</b>	<b>4,114</b>	<b>(24,189)</b>
<b>Regen &amp; Devt (City)</b>							
(19,493)	(19,496)	Asset Management	(683,770)	(1,279,349)	(595,579)	(315,246)	(295,750)
249,670	249,670	Assistant Director (City)	62,265	60,744	(1,521)	243,575	(6,095)
112,551	112,551	City Growth & Dev't	28,125	(442,590)	(470,715)	109,792	(2,759)
445,879	445,879	Economic Development	77,403	(407,936)	(485,339)	(462,837)	(908,716)
1,713,415	1,713,415	Planning	242,247	214,873	(27,374)	1,906,193	192,778
389,670	389,672	Transportation & Landscape	(198,337)	569,507	767,844	(402,708)	(792,380)
<b>2,891,692</b>	<b>2,891,691</b>	<b>Total Regen &amp; Devt (City)</b>	<b>(472,067)</b>	<b>(1,284,751)</b>	<b>(812,684)</b>	<b>1,078,769</b>	<b>(1,812,922)</b>
<b>Regen &amp; Devt (Nhood)</b>							
100,083	100,083	Assistant Director (Neighbourhoods)	25,020	24,192	(828)	96,768	(3,315)
9,745,733	10,018,218	Citywide Services	2,123,496	1,469,517	(653,979)	9,869,060	(149,158)
958,553	958,553	Neighbourhood Housing	226,548	(82,173)	(308,721)	681,704	(276,849)
2,457,103	2,457,103	Neighbourhood Services	479,649	388,903	(90,746)	2,514,245	57,142
1,849,526	1,849,526	Strategic Housing	270,720	(148,971)	(419,691)	1,635,686	(213,840)
<b>15,110,998</b>	<b>15,383,483</b>	<b>Total Regen &amp; Devt (Nhood)</b>	<b>3,125,433</b>	<b>1,651,468</b>	<b>(1,473,965)</b>	<b>14,797,463</b>	<b>(586,020)</b>
<b>Transformation</b>							
279,156	279,156	Transformation	130,368	217,597	87,229	324,838	45,682
<b>279,156</b>	<b>279,156</b>	<b>Total Transformation</b>	<b>130,368</b>	<b>217,597</b>	<b>87,229</b>	<b>324,838</b>	<b>45,682</b>
<b>25,097,000</b>	<b>25,097,000</b>	<b>Total General Fund</b>	<b>(415,671)</b>	<b>(2,471,091)</b>	<b>(2,055,419)</b>	<b>23,463,505</b>	<b>(1,633,495)</b>

**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>
22,285,062	22,285,063	Employees	5,571,090	5,673,754	102,664	22,246,367	(38,696)
8,602,693	8,602,693	Premises	2,150,301	2,083,574	(66,727)	7,061,596	(1,541,097)
380,976	380,976	Transport	94,944	69,606	(25,338)	286,280	(94,696)
22,649,092	23,048,641	Supplies & Services	5,799,292	6,245,733	446,441	21,643,828	(1,404,813)
3,673,402	3,673,402	Third Party Payments	918,339	(145,536)	(1,063,875)	(551,463)	(4,224,865)
69,485,620	69,485,620	Transfer Payments	13,848,852	14,631,141	782,289	73,328,642	3,843,022
2,931,043	2,931,043	Capital Charges	733,740	538,698	(195,042)	3,903,419	972,376
(25,386,793)	(25,786,343)	Receipts	(6,803,223)	(6,338,953)	464,270	(20,807,447)	4,978,896
(76,328,928)	(76,328,928)	Government Grants	(22,902,672)	(25,266,809)	(2,276,137)	(80,736,017)	(4,407,089)
1,194,101	1,194,101	Centrally Managed	298,407	12,558	(285,849)	1,415,101	221,000
26,341,115	26,341,115	Recharge Expenditure	1,589,922	328,094	(1,261,828)	25,858,208	(482,907)

## Annexe A – April to June 2010

(30,730,383)	(30,730,383)	Recharge Income	(1,626,663)	(302,951)	1,323,712	(30,185,009)	545,374
<b>25,097,000</b>	<b>25,097,000</b>	<b>Total General Fund</b>	<b>(415,671)</b>	<b>(2,471,091)</b>	<b>(2,055,419)</b>	<b>23,463,505</b>	<b>(1,633,495)</b>

## Budget Monitoring Report

Year: 2010/11

Period: 3 (Jun)

**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>
14,495,976	14,495,976	Repairs & Maintenance	3,019,200	838,224	(2,180,976)	12,596,110	(1,899,866)
6,126,190	6,126,190	Rents, Rates, & Other Property Costs	1,531,536	1,179,676	(351,860)	5,804,055	(322,135)
9,551,074	9,551,074	General Management	1,991,529	1,291,177	(700,352)	10,442,761	891,687
5,374,033	5,374,033	Special Services	1,251,768	764,256	(487,512)	4,429,962	(944,071)
10,891,900	12,146,500	Depreciation & Impairment	0	0	0	14,036,000	1,889,500
150,000	150,000	Provision for Bad Debts	37,500	0	(37,500)	150,000	0
(48,219,460)	(48,219,460)	Dwelling Rents	(12,537,867)	(13,094,025)	(556,158)	(48,190,945)	28,515
(2,258,041)	(2,258,041)	Garage & Other Property Rents	(564,528)	(586,296)	(21,768)	(2,239,698)	18,343
5,932,400	5,932,400	Housing Subsidy	1,483,098	1,142,146	(340,952)	5,710,730	(221,670)
(2,958,590)	(2,958,590)	Service Charges - General	(769,556)	(665,132)	104,524	(2,577,550)	381,040
(5,978,675)	(5,978,675)	Miscellaneous Income	(1,494,669)	(1,547,805)	(53,136)	(5,953,097)	25,578
4,456,300	3,201,700	Adjustments & Financing Items	3,375	0	(3,375)	3,201,700	0
(499,430)	(499,430)	Amenities shared by whole community	0	0	0	(499,430)	0
(115,240)	(115,240)	Interest Received	(28,812)	0	28,812	(115,240)	0
<b>(3,051,563)</b>	<b>(3,051,563)</b>	<b>Total Housing Revenue Account</b>	<b>(6,077,526)</b>	<b>(10,677,779)</b>	<b>(4,600,253)</b>	<b>(3,204,642)</b>	<b>(153,079)</b>

## Budget Monitoring Report

Year: 2010/11

Period: 3 (Jun)

**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>
7,225,265	7,225,265	Employees	1,726,218	1,648,997	(77,221)	6,874,008	(351,257)
20,582,833	20,582,833	Premises	5,145,327	2,462,980	(2,682,347)	20,431,300	(151,533)
167,240	167,240	Transport	41,688	79,252	37,564	113,144	(54,096)
4,647,065	4,647,065	Supplies & Services	918,063	152,589	(765,474)	2,240,189	(2,406,876)
30,000	30,000	Third Party Payments	7,500	5,036	(2,464)	20,144	(9,856)
6,852,689	6,852,689	Recharge Expenditure	210,561	0	(210,561)	4,999,980	(1,852,709)
12,160,000	12,160,000	Capital Charges	3,375	0	(3,375)	14,049,500	1,889,500
(61,084,878)	(61,084,878)	Receipts	(15,784,284)	(16,120,267)	(335,983)	(60,093,746)	991,132
5,595,590	5,595,590	Government Grants	1,398,894	1,093,634	(305,260)	5,615,638	20,048
(1,862,267)	(1,862,267)	Recharge Income	255,132	0	(255,132)	(89,699)	1,772,568
2,634,900	2,634,900	Rev Contribs to Capital	0	0	0	2,634,900	0
<b>(3,051,563)</b>	<b>(3,051,563)</b>	<b>Total Housing Revenue Account</b>	<b>(1,846,833)</b>	<b>(10,677,779)</b>	<b>(4,600,253)</b>	<b>(3,204,642)</b>	<b>(153,079)</b>



## Report

1. The attached appendices show the year-to-date positions for the general fund and the housing revenue account:
  - Appendix 1 shows the general fund by directorate and service, and by subjective group
  - Appendix 2 shows the housing revenue account in (near) statutory format, and by subjective group

## General Fund

2. The general fund reports show a forecast underspend of **£0.50m**.
3. Significant contributory factors include:

<i>Service</i>	<i>Forecast Variance £000s</i>	<i>Comment</i>
Communications & culture	(125)	Reduced grant spend
Finance	846	Decreased interest recharge to HRA
Corporate management	(1,000)	LEGI grant income
Corporate management	1,000	Provision for reorganisation costs

4. Actual income and expenditure for the year to date is behind schedule owing to early receipt of government grant and delays in paying and allocating contractor expenditure.

## Housing Revenue Account

5. The housing revenue account reports show a forecast underspend of **£1.82m**.
6. Significant contributory factors include:

<i>Service</i>	<i>Forecast Variance £000s</i>	<i>Comment</i>
Housing repairs	(1,980)	Provision for unforeseen repairs costs
Housing financing	1,889	Provision for increased debt charges and reduced interest recharge from gen fund
Housing subsidy	(221)	Anticipated reduction in negative subsidy

7. Actual income and expenditure for the year to date is behind schedule owing to delays in paying and allocating contractor expenditure and early receipt of government grant.

## Risks

8. The budgets approved by council on 23 February 2010 were drawn up before the general election, and could not therefore accurately anticipate the impact of changes in government policy. There are risks to the current and medium term financial position from:

- Reductions in government grant – including area based grant and, for future years, revenue support grant, which will constrain the council's spending.
  - Changes in policy – if further “empowerment” of local authorities is not matched by devolved resources
9. 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. This will be reflected in higher provisions for bad debt.
  - 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 closely managed, is heavily influenced by void turnaround, since transfers can create a chain of voids involving significant repair costs.

## Financial Planning

10. Overall levels of underspend will have an ongoing impact on the budget for following years and the size and urgency of savings requirements.
11. Net overspends and underspends will be consolidated into the general fund and housing revenue account balances carried forward to 2011/12.

## Impact on Balances

12. The prudent minimum level of general fund reserves has been assessed as £4.244m. The forecast position is as follows:

Budgeted balance at 1 April 2010	- £5.051m
Impact of unaudited 2009/10 outturn	- £0.767m
Unaudited balance at 1 April 2010	- £5.818m
Budgeted use of balances 2010/11	£0.748m
Budgeted contribution to balances 2010/11	- £0.400m
Forecast Over/(Under)spend 2010/11	- £0.501m
Forecast balance at 31 March 2011	- £5.969m

13. The prudent minimum level of HRA reserves has been assessed as £2.803m. The forecast position is as follows:

Budgeted balance at 1 April 2010	- £4.311m
Impact of unaudited 2009/10 outturn	- £1.459m
Unaudited balance at 1 April 2010	- £5.770m
Budgeted contribution to/use of balances 2010/11	- £3.052m
Forecast over/underspend 2010/11	- £1.823m
Forecast balance at 31 March 2011	- £10.465m

## Budget Monitoring Summary

Year: 2010/11

Period: 4 (Jul)

Appendix 1

**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>
<b>Chief Executive</b>							
59,316	59,316	Chief Executive	76,596	92,540	15,944	51,444	(7,872)
2,995,345	2,993,285	Communications & Culture	878,232	847,994	(30,238)	2,855,410	(137,875)
<b>3,054,661</b>	<b>3,052,601</b>	<b>Total Chief Executive</b>	<b>954,828</b>	<b>940,534</b>	<b>(14,294)</b>	<b>2,831,854</b>	<b>(145,747)</b>
<b>Corporate Resources</b>							
45,715	45,715	Corporate Resources	43,952	41,581	(2,371)	38,616	(7,099)
665,202	665,202	Customer Contact	1,072,532	968,595	(103,937)	394,742	(270,460)
3,470,603	3,198,119	Finance	(7,910,489)	(5,451,824)	2,458,665	3,931,937	733,818
(269,446)	(269,446)	HR & Learning	878,136	607,430	(270,706)	(488,869)	(219,423)
861,792	863,852	Legal & Democratic Services	518,668	534,857	16,189	875,021	11,169
(1,041,676)	(1,014,374)	Procurement & Service Improvement	2,063,877	1,942,547	(121,330)	(842,141)	172,233
<b>3,732,190</b>	<b>3,489,068</b>	<b>Total Corporate Resources</b>	<b>(3,333,324)</b>	<b>(1,356,814)</b>	<b>1,976,510</b>	<b>3,909,306</b>	<b>420,238</b>
<b>Regen &amp; Devt</b>							
28,303	28,303	Director of Regeneration & Development	(20,780)	39,250	60,030	17,104	(11,199)
<b>28,303</b>	<b>28,303</b>	<b>Total Regen &amp; Devt</b>	<b>(20,780)</b>	<b>39,250</b>	<b>60,030</b>	<b>17,104</b>	<b>(11,199)</b>
<b>Regen &amp; Devt (City)</b>							
(19,493)	(58,798)	Asset Management	(876,848)	(1,701,376)	(824,528)	194,113	252,911
249,670	249,670	Assistant Director (City)	83,020	68,966	(14,054)	244,997	(4,673)
112,551	112,551	City Growth & Dev't	37,500	(417,413)	(454,913)	94,481	(18,070)
445,879	445,999	Economic Development	103,244	(363,032)	(466,276)	577,594	131,595
1,713,415	1,713,415	Planning	323,041	286,368	(36,673)	1,928,522	215,107
389,670	401,672	Transportation & Landscape	(64,033)	603,359	667,392	(201,874)	(603,546)
<b>2,891,692</b>	<b>2,864,509</b>	<b>Total Regen &amp; Devt (City)</b>	<b>(394,076)</b>	<b>(1,523,128)</b>	<b>(1,129,052)</b>	<b>2,837,833</b>	<b>(26,676)</b>
<b>Regen &amp; Devt (Nhood)</b>							
100,083	100,083	Assistant Director (Neighbourhoods)	33,360	32,521	(839)	97,564	(2,519)
9,745,733	10,018,218	Citywide Services	2,831,328	2,055,032	(776,296)	9,893,949	(124,269)
958,553	958,553	Neighbourhood Housing	302,064	(110,172)	(412,236)	671,389	(287,164)
2,457,103	2,457,043	Neighbourhood Services	639,516	511,645	(127,871)	2,425,590	(31,453)
1,849,526	1,849,526	Strategic Housing	360,960	(56,991)	(417,951)	1,537,171	(312,355)
<b>15,110,998</b>	<b>15,383,423</b>	<b>Total Regen &amp; Devt (Nhood)</b>	<b>4,167,228</b>	<b>2,432,036</b>	<b>(1,735,192)</b>	<b>14,625,665</b>	<b>(757,758)</b>
<b>Transformation</b>							
279,156	279,156	Transformation	173,824	296,917	123,093	226,173	(52,983)
<b>279,156</b>	<b>279,156</b>	<b>Total Transformation</b>	<b>173,824</b>	<b>296,917</b>	<b>123,093</b>	<b>226,173</b>	<b>(52,983)</b>
<b>25,097,000</b>	<b>25,097,060</b>	<b>Total General Fund</b>	<b>1,547,700</b>	<b>828,795</b>	<b>(718,906)</b>	<b>24,595,665</b>	<b>(501,395)</b>

**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>
22,285,062	22,285,063	Employees	7,428,126	7,581,595	153,469	22,730,121	445,058
8,602,693	8,602,693	Premises	2,867,068	2,549,770	(317,298)	7,463,474	(1,139,219)
380,976	380,986	Transport	126,608	85,080	(41,528)	265,590	(115,396)
22,649,092	23,048,751	Supplies & Services	7,731,633	8,679,962	948,329	22,735,872	(312,879)
3,673,402	3,673,402	Third Party Payments	1,224,452	(120,381)	(1,344,833)	(361,143)	(4,034,545)
69,485,620	69,485,620	Transfer Payments	18,465,136	21,635,555	3,170,419	73,439,570	3,953,950
2,931,043	2,931,043	Capital Charges	3,090,710	2,587,319	(503,391)	3,651,326	720,283
(25,386,793)	(25,786,403)	Receipts	(9,056,476)	(9,562,081)	(505,605)	(21,312,458)	4,473,945
(76,328,928)	(76,328,928)	Government Grants	(31,045,653)	(32,721,956)	(1,676,303)	(81,205,760)	(4,876,832)
1,194,101	1,194,101	Centrally Managed	397,876	33,231	(364,645)	1,477,046	282,945
26,341,115	26,341,115	Recharge Expenditure	2,486,804	439,938	(2,046,866)	26,129,756	(211,359)
(30,730,383)	(30,730,383)	Recharge Income	(2,168,584)	(359,235)	1,809,349	(30,435,026)	295,357

## Annexe B – April – July 2010

25,097,000	25,097,060	Total General Fund	1,547,700	828,795	(718,903)	24,595,665	(501,395)
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## Budget Monitoring Report

Year: 2010/11

Period: 4 (Jul)

**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>
14,495,976	14,495,976	Repairs & Maintenance	4,831,912	2,423,122	(2,408,790)	10,784,594	(3,711,382)
6,126,190	6,126,190	Rents, Rates, & Other Property Costs	2,042,048	1,750,814	(291,234)	5,790,565	(335,625)
9,551,074	9,550,084	General Management	1,860,580	1,687,224	(173,356)	10,815,743	1,265,659
5,374,033	5,375,023	Special Services	1,669,360	1,045,166	(624,194)	4,863,349	(511,674)
10,891,900	12,146,500	Depreciation & Impairment	4,048,828	0	(4,048,828)	14,036,000	1,889,500
150,000	150,000	Provision for Bad Debts	50,000	0	(50,000)	150,000	0
(48,219,460)	(48,219,460)	Dwelling Rents	(16,073,156)	(17,921,257)	(1,848,101)	(48,223,131)	(3,671)
(2,258,041)	(2,258,041)	Garage & Other Property Rents	(752,704)	(908,135)	(155,431)	(2,581,682)	(323,641)
5,932,400	5,932,400	Housing Subsidy	1,977,464	1,713,218	(264,246)	5,710,730	(221,670)
(2,958,590)	(2,958,590)	Service Charges - General	(986,208)	(1,009,909)	(23,701)	(2,865,408)	93,182
(5,978,675)	(5,978,675)	Miscellaneous Income	(1,992,892)	(2,139,468)	(146,576)	(5,942,967)	35,708
4,456,300	3,201,700	Adjustments & Financing Items	1,067,232	0	(1,067,232)	3,201,700	0
(499,430)	(499,430)	Amenities shared by whole community	(166,480)	0	166,480	(499,430)	0
(115,240)	(115,240)	Interest Received	(38,416)	0	38,416	(115,240)	0
<b>(3,051,563)</b>	<b>(3,051,563)</b>	<b>Total Housing Revenue Account</b>	<b>(2,462,432)</b>	<b>(13,359,224)</b>	<b>(10,896,792)</b>	<b>(4,875,177)</b>	<b>(1,823,614)</b>

**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>
7,225,265	7,225,265	Employees	2,301,636	2,189,922	(111,714)	7,013,369	(211,896)
20,582,833	20,582,833	Premises	6,860,436	4,836,689	(2,023,747)	18,227,778	(2,355,055)
167,240	167,240	Transport	55,584	92,494	36,910	152,307	(14,933)
4,647,065	4,647,065	Supplies & Services	1,224,084	214,796	(1,009,288)	3,773,212	(873,853)
30,000	30,000	Third Party Payments	10,000	6,863	(3,137)	20,589	(9,411)
6,852,689	6,852,689	Recharge Expenditure	1,271,492	6,330	(1,265,162)	4,999,980	(1,852,709)
12,160,000	12,160,000	Capital Charges	4,053,328	0	(4,053,328)	14,049,500	1,889,500
(61,084,878)	(61,084,878)	Receipts	(20,361,712)	(22,339,351)	(1,977,639)	(61,192,153)	(107,275)
5,595,590	5,595,590	Government Grants	1,865,192	1,633,033	(232,159)	5,530,962	(64,628)
(1,862,267)	(1,862,267)	Recharge Income	(620,772)	0	620,772	(85,622)	1,776,645
2,634,900	2,634,900	Rev Contribs to Capital	878,300	0	(878,300)	2,634,900	0
<b>(3,051,563)</b>	<b>(3,051,563)</b>	<b>Total Housing Revenue Account</b>	<b>(2,462,432)</b>	<b>(13,359,224)</b>	<b>(10,896,792)</b>	<b>(4,875,177)</b>	<b>(1,823,614)</b>

## Report

1. The attached appendices show the year-to-date positions for the general fund and the housing revenue account:
  - Appendix 1 shows the general fund by directorate and service, and by subjective group
  - Appendix 2 shows the housing revenue account in (near) statutory format, and by subjective group

## General Fund

2. To improve the clarity of the general fund budget presentation, the current budget has been restated to include budgets for the resources financing the net budget requirement, so that the net budget totals zero:

<i>Service</i>	<i>Original Budget £000s</i>	<i>Current Budget £000s</i>
Net budget requirement	25,097	25,097
Pooled non-domestic rates		-13,896
Revenue support grant		-2,018
Council tax precept		- 9,083
Collection fund surplus		-100
<b>Total general fund budget</b>	<b>25,097</b>	<b>0</b>

3. The general fund reports show a forecast underspend of **£0.285m**.
4. Significant contributory factors include:

<i>Service</i>	<i>Forecast Variance £000s</i>	<i>Comment</i>
Corporate finance	(1,000)	Surplus LEGL grant
Corporate finance	1,000	Provision for redundancy & strain costs
Corporate finance	846	Reduction in interest recharge to HRA

5. Actual income and expenditure for the year to date is behind schedule owing to early receipt of government grant and delays in paying and allocating contractor expenditure.

## Housing Revenue Account

6. The housing revenue account reports show a forecast underspend of **£2.017m**.
7. Significant contributory factors include:

## Annexe C – April to August 2010

<i>Service</i>	<i>Forecast Variance £000s</i>	<i>Comment</i>
Housing repairs	(1,980)	Provision for unforeseen repairs costs. This includes contingency sums of £1.5m, but (pending resolution of any change in contractual arrangements) does not allow for any increase in contractor prices.
Housing financing	1,889	Provision for increased debt charges and reduced interest recharge from gen fund
Housing subsidy	(221)	Anticipated reduction in negative subsidy

8. Actual income and expenditure for the year to date is behind schedule owing to delays in paying and allocating contractor expenditure and early receipt of government grant.

### Risks

9. The budgets approved by council on 23 February 2010 were drawn up before the general election, and could not therefore accurately anticipate the impact of changes in government policy. There are risks to the current and medium term financial position from:
- Reductions in government grant – including area based grant and, for future years, revenue support grant, which will constrain the council's spending.
  - Changes in policy – if further “empowerment” of local authorities is not matched by devolved resources
10. 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. This will be reflected in higher provisions for bad debt.
  - 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 closely managed, is heavily influenced by void turnaround, since transfers can create a chain of voids involving significant repair costs.



## Financial Planning

11. Overall levels of underspend will have an ongoing impact on the budget for following years and the size and urgency of savings requirements.
12. Net overspends and underspends will be consolidated into the general fund and housing revenue account balances carried forward to 2011/12.

## Impact on Balances

13. The prudent minimum level of general fund reserves has been assessed as £4.244m. The forecast position is as follows:

Budgeted balance at 1 April 2010	- £5.051m
Impact of unaudited 2009/10 outturn	- £0.767m
= Unaudited balance at 1 April 2010	- £5.818m
Budgeted use of balances 2010/11	£0.748m
Budgeted contribution to balances 2010/11	- £0.400m
Forecast Over/(Under)spend 2010/11	- £0.285m
= Forecast balance at 31 March 2011	- £5.755m

14. The prudent minimum level of HRA reserves has been assessed as £2.803m. The forecast position is as follows:

Budgeted balance at 1 April 2010	- £4.311m
Impact of unaudited 2009/10 outturn	- £1.459m
= Unaudited balance at 1 April 2010	- £5.770m
Budgeted contribution to/use of balances 2010/11	- £3.052m
Forecast over/underspend 2010/11	- £2.017m
= Forecast balance at 31 March 2011	- £10.839m

## Budget Monitoring Summary

Year: 2010/11

Period: 5 (Aug)

Appendix 1

**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>
<b>Chief Executive</b>							
59,316	59,316	Chief Executive	95,745	107,661	11,916	50,361	(8,955)
2,995,345	2,993,285	Communications & Culture	968,615	1,123,539	154,924	2,951,406	(41,879)
<b>3,054,661</b>	<b>3,052,601</b>	<b>Total Chief Executive</b>	<b>1,064,360</b>	<b>1,231,200</b>	<b>166,840</b>	<b>3,001,767</b>	<b>(50,834)</b>
<b>Corporate Resources</b>							
45,715	45,715	Corporate Resources	54,940	52,024	(2,916)	38,731	(6,984)
665,202	665,202	Customer Contact	1,340,665	1,211,154	(129,511)	406,422	(258,780)
3,470,603	(21,898,881)	Finance	(18,777,004)	(20,397,858)	(1,620,854)	(20,793,767)	1,105,114
(269,446)	(269,446)	HR & Learning	1,097,670	796,218	(301,452)	(568,213)	(298,767)
861,792	863,852	Legal & Democratic Services	648,335	635,612	(12,723)	799,257	(64,595)
(1,041,676)	(1,014,374)	Procurement & Service Improvement	2,579,846	2,510,997	(68,849)	(836,646)	177,728
<b>3,732,190</b>	<b>(21,607,932)</b>	<b>Total Corporate Resources</b>	<b>(13,055,548)</b>	<b>(15,191,853)</b>	<b>(2,136,305)</b>	<b>(20,954,216)</b>	<b>653,716</b>
<b>Regen &amp; Devt</b>							
28,303	28,303	Director of Regeneration & Development	(25,974)	51,676	77,650	21,935	(6,368)
<b>28,303</b>	<b>28,303</b>	<b>Total Regen &amp; Devt</b>	<b>(25,974)</b>	<b>51,676</b>	<b>77,650</b>	<b>21,935</b>	<b>(6,368)</b>
<b>Regen &amp; Devt (City)</b>							
(19,493)	(58,798)	Asset Management	(520,045)	(1,632,314)	(1,112,269)	252,322	311,120
249,670	249,670	Assistant Director (City)	103,775	114,684	10,909	249,778	108
112,551	112,551	City Growth & Dev't	46,875	(403,793)	(450,668)	95,822	(16,729)
445,879	445,879	Economic Development	129,005	(347,228)	(476,233)	514,141	68,262
1,713,415	1,713,415	Planning	402,510	312,492	(90,018)	1,930,607	217,192
389,670	401,672	Transportation & Landscape	(807,048)	(29,961)	777,087	(239,386)	(641,058)
<b>2,891,692</b>	<b>2,864,389</b>	<b>Total Regen &amp; Devt (City)</b>	<b>(644,928)</b>	<b>(1,986,119)</b>	<b>(1,341,191)</b>	<b>2,803,285</b>	<b>(61,104)</b>
<b>Regen &amp; Devt (Nhood)</b>							
100,083	100,083	Assistant Director (Neighbourhoods)	41,700	41,021	(679)	98,450	(1,633)
9,745,733	10,021,258	Citywide Services	3,072,091	2,653,878	(418,213)	9,687,859	(333,399)
958,553	958,553	Neighbourhood Housing	259,680	(143,348)	(403,028)	718,552	(240,001)
2,457,103	2,454,063	Neighbourhood Services	750,005	632,957	(117,048)	2,448,692	(5,371)
1,849,526	1,849,526	Strategic Housing	451,200	43,383	(407,817)	1,578,935	(270,591)
<b>15,110,998</b>	<b>15,383,483</b>	<b>Total Regen &amp; Devt (Nhood)</b>	<b>4,574,676</b>	<b>3,227,891</b>	<b>(1,346,785)</b>	<b>14,532,487</b>	<b>(850,996)</b>
<b>Transformation</b>							
279,156	279,156	Transformation	397,970	445,789	47,819	309,879	30,723
<b>279,156</b>	<b>279,156</b>	<b>Total Transformation</b>	<b>397,970</b>	<b>445,789</b>	<b>47,819</b>	<b>309,879</b>	<b>30,723</b>
<b>25,097,000</b>	<b>0</b>	<b>Total General Fund</b>	<b>(7,689,444)</b>	<b>(12,221,417)</b>	<b>(4,531,973)</b>	<b>(284,862)</b>	<b>(284,862)</b>

**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>
22,285,062	22,285,063	Employees	9,285,159	9,310,967	25,808	22,530,515	245,452
8,602,693	8,602,693	Premises	3,583,842	3,020,561	(563,281)	7,688,964	(913,729)
380,976	380,986	Transport	158,260	87,649	(70,611)	213,579	(167,407)
22,649,092	29,299,067	Supplies & Services	12,404,047	11,675,426	(728,621)	29,221,045	(78,022)
3,673,402	3,673,402	Third Party Payments	1,530,565	(117,946)	(1,648,511)	(283,071)	(3,956,473)
69,485,620	60,302,507	Transfer Payments	13,898,307	14,972,340	1,074,033	64,256,978	3,954,471
2,931,043	3,131,043	Capital Charges	2,752,620	1,332,578	(1,420,042)	4,188,989	1,057,946
(25,386,793)	(32,236,779)	Receipts	(13,098,181)	(12,137,403)	960,778	(28,182,511)	4,054,268
(76,328,928)	(92,242,815)	Government Grants	(39,099,858)	(40,562,834)	(1,462,976)	(97,091,580)	(4,848,765)
1,194,101	1,194,101	Centrally Managed	497,345	34,271	(463,074)	1,465,286	271,185
26,341,115	26,341,115	Recharge Expenditure	3,108,505	547,028	(2,561,477)	26,040,338	(300,777)
(30,730,383)	(30,730,383)	Recharge Income	(2,710,055)	(384,052)	2,326,003	(30,333,395)	396,988

## Annexe C – April to August 2010

25,097,000	0 Total General Fund	(7,689,444)	(12,221,417)	(4,531,973)	(284,862)	(284,862)
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## Budget Monitoring Report

Year: 2010/11

Period: 5 (Aug)

**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>
14,495,976	14,495,976	Repairs & Maintenance	6,039,890	3,180,377	(2,859,513)	10,733,459	(3,762,517)
6,126,190	6,126,190	Rents, Rates, & Other Property Costs	2,552,560	2,308,229	(244,331)	5,744,507	(381,683)
9,551,074	9,550,084	General Management	2,325,732	2,200,549	(125,183)	10,856,258	1,306,174
5,374,033	5,375,023	Special Services	2,086,704	1,329,140	(757,564)	4,850,440	(524,583)
10,891,900	12,146,500	Depreciation & Impairment	554,205	0	(554,205)	14,036,000	1,889,500
150,000	150,000	Provision for Bad Debts	62,500	0	(62,500)	150,000	0
(48,219,460)	(48,219,460)	Dwelling Rents	(20,252,174)	(21,764,741)	(1,512,567)	(48,164,344)	55,116
(2,258,041)	(2,258,041)	Garage & Other Property Rents	(944,809)	(1,018,175)	(73,366)	(2,239,826)	18,215
5,932,400	5,932,400	Housing Subsidy	2,471,830	2,284,291	(187,539)	5,710,730	(221,670)
(2,958,590)	(2,958,590)	Service Charges - General	(1,236,336)	(1,461,393)	(225,057)	(3,394,753)	(436,163)
(5,978,675)	(5,978,675)	Miscellaneous Income	(2,511,044)	(2,634,325)	(123,281)	(5,937,619)	41,056
4,456,300	3,201,700	Adjustments & Financing Items	0	0	0	3,201,700	0
(499,430)	(499,430)	Amenities shared by whole community	(208,100)	0	208,100	(499,430)	0
(115,240)	(115,240)	Interest Received	(48,020)	0	48,020	(115,240)	0
<b>(3,051,563)</b>	<b>(3,051,563)</b>	<b>Total Housing Revenue Account</b>	<b>(9,107,062)</b>	<b>(15,576,048)</b>	<b>(6,468,986)</b>	<b>(5,068,119)</b>	<b>(2,016,556)</b>

**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>
7,225,265	7,258,428	Employees	2,890,871	2,787,429	(103,442)	7,014,907	(243,521)
20,582,833	20,582,833	Premises	8,575,545	6,301,044	(2,274,501)	18,154,717	(2,428,116)
167,240	167,240	Transport	69,480	117,016	47,536	157,530	(9,710)
4,647,065	4,649,865	Supplies & Services	1,531,275	342,733	(1,188,542)	3,938,246	(711,619)
30,000	30,000	Third Party Payments	12,500	8,324	(4,176)	18,919	(11,081)
6,299,389	6,299,389	Recharge Expenditure	1,358,825	11,009	(1,347,816)	4,339,036	(1,960,353)
12,713,300	12,713,300	Capital Charges	554,205	0	(554,205)	14,602,800	1,889,500
(61,084,878)	(61,084,878)	Receipts	(25,640,303)	(27,305,200)	(1,664,897)	(61,342,040)	(257,162)
5,595,590	5,595,590	Government Grants	2,331,490	2,163,901	(167,589)	5,504,021	(91,569)
(1,862,267)	(1,898,230)	Recharge Income	(790,950)	(2,306)	788,644	(91,156)	1,807,074
2,634,900	2,634,900	Rev Contribs to Capital	0	0	0	2,634,900	0
<b>(3,051,563)</b>	<b>(3,051,563)</b>	<b>Total Housing Revenue Account</b>	<b>(9,107,062)</b>	<b>(15,576,048)</b>	<b>(6,468,986)</b>	<b>(5,068,119)</b>	<b>(2,016,556)</b>