

Report for Information

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Report to Executive
18 February 2009
Report of Head of Finance
Subject Revenue Budget Monitoring 2008/09

Purpose

To up-date the Executive on the budget monitoring position to 30 November 2008.

Recommendations

That the Executive note the report.

Financial Consequences

The financial consequences of this report are set out within the body of the report.

Risk Assessment

The risks covered in this report are set out within the body of 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" and the service plan priority "Continue to develop the budget monitoring processes to ensure that areas of potential overspend or underspent are identified at the earliest opportunity to enable effective remedial action to be undertaken."

Executive Member: Councillor Waters - Corporate Resources and Governance

Ward: All

Contact Officers

| | |
|---------------------------------------|------------|
| Barry Marshall, Head of Finance | 01603 2556 |
| Mark Smith, Financial Control Manager | 01603 2561 |

Background Documents

None

Report

General Fund

1. Appendix 1 shows the summary position and projected outturn for the General Fund for the full year (to 31 March 2009) as at 30 November 2008. A subjective breakdown of the General Fund is shown in Appendix 2.
2. This report would normally use the data as at 30 November 2008 for year-end projections. There have however been a number of events outside the Council's control in December that have had a serious negative impact on the financial position, and these have been included in this report. The most significant of these are:
 - a. Additional concessionary fares costs estimated at approximately £1,000,000.
 - b. Loss of investment interest projected of approximately £400,000.
 - c. Falls in Land Charges income of approximately £150,000 against budget, with a similar drop in Planning Application fees.
3. This has led to a projected overspend against budget of £1,600,000 compared with a projection of a small underspend earlier in the year.
4. The other areas of change are:

| Service | Amount £000s | Comment |
|----------------------------|-----------------|---|
| Community Services | (139) | Salary savings |
| Strategic Housing | (191) | Salary savings and increased income |
| Asset & City Management | (200) (100) | Parking enforcement salaries Additional parking income |
| Procurement | 400 | Contract re-provisioning costs to be met from reserves |
| | 290 | Central purchases to be recharged |
| CityCare savings | 700 | Savings being made across contract budgets in services |
| Salaries savings | 600 | Savings being made across salaries budgets in services |
| Transformation | 525 | Unitary project costs to be met from reserves |

5. The impact of the current decline in the economic climate has been incorporated in the projected outturn, although there is a risk of the financial position continuing to worsen. Ongoing risks will continue to be monitored and, to the extent possible, impacts mitigated.

Housing Revenue Account

6. Appendix 3 shows the Housing Revenue Account forecast for the financial year, and Appendix 4 a subjective analysis of management & service costs.
7. Issues within the Housing Revenue Account include:

| Issue | Amount £000s | Comment |
|---|-----------------|--|
| Repairs to Voids | 1,000 | The current forecast level of costs is continuing at the predicted rate of a £1m overspend. Savings have been identified elsewhere within the Repairs budget to absorb this level of overspend – virements will shortly be proposed for approval. |
| Repairs <i>versus</i> Revenue Contribution to Capital | 0 | The capitalisation of repairs will be reviewed as a result of the audit of the 2007/08 accounts. This is likely to decrease capitalised work, which will increase the revenue cost and decrease the revenue contribution to capital; should be net nil impact. |
| Revenue Contribution to Capital | 1,150 | Additional revenue contribution required to finance capital works due to dearth of Right To Buy sales & capital receipts |
| RTB Admin Costs | 140 | Within General Management, the dearth of RTB sales means that the staff and other costs of administration cannot be recovered from capital receipts |
| Dwelling and Non-Dwelling Rents | 535 | Gross rent income is expected to hold up as these figures represent amounts owed. An overachievement of budget is forecast owing partly to lower rent loss from RTBs. |
| Provision for Bad Debt | 0 | Any decrease in rent income collection, in excess of that allowed for in the budget, will have an adverse impact. Although currently satisfactory, collection rates are likely to be affected by the state of the economy. |
| Interest Receivable | 120 | As in the General Fund, lower bank rates reduce the investment income credited to the HRA. |

8. The risks underlying these issues will continue to be monitored and any mitigating actions promptly taken.

Appendix 1

Summary General Fund

| 2008/9 Original Budget £000s | 2008/9 Revised Budget £000s | SUMMARY GENERAL FUND BUDGETS FOR NOVEMBER 2008 (PERIOD 8) | 2008/9 Projected Out-turn £000s | 2008/9 Projected Variance £000s |
|---------------------------------------|--------------------------------------|--|--|--|
| | | Chief Executive | | |
| 8 | 8 | Direct Responsibility | 7 | -2 |
| 2,821 | 2,821 | Head of Communication & Cultural Services | 2,855 | 34 |
| 2,829 | 2,829 | Total for Directorate | 2,862 | 32 |
| | | Strategic Director: Regeneration & Development | | |
| | | Neighbourhood Development | | |
| 5,403 | 5,403 | Head of Community Services | 5,263 | -140 |
| 842 | 842 | Head of Landlord Services | 829 | -14 |
| 5,897 | 5,897 | Head of Citizen Services | 5,879 | -18 |
| 12,143 | 12,142 | Sub Total for Directorate | 11,971 | -171 |
| | | City Development | | |
| 217 | 217 | Direct Responsibility | 237 | 20 |
| -564 | -534 | Head of Asset & City Management | -1,329 | -795 |
| 1,803 | 1,651 | Head of Transport & Landscapes | 2,707 | 970 |
| 1,806 | 1,806 | Head of Planning | 1,889 | 82 |
| 541 | 553 | Head of Economic Development | 512 | -41 |
| 1,634 | 1,653 | Head of Strategic Housing | 1,461 | -192 |
| 5,438 | 5,345 | Sub Total for Directorate | 5,476 | 45 |
| 17,581 | 17,488 | Total for Directorate | 17,448 | -126 |
| | | Strategic Director: Corporate Resources | | |
| 35 | 35 | Direct Responsibility | 43 | 8 |
| 2,219 | 2,303 | Head of Finance | 2,570 | 268 |
| 2,127 | 2,127 | Head of Legal & Democratic services | 2,241 | 114 |
| 50 | 50 | Head of HR & learning | -119 | -169 |
| 275 | 275 | Head of Procurement & Contract Management | 966 | 691 |
| 128 | 128 | Head of Customer Contact | 269 | 141 |
| 4,835 | 4,918 | Total for Directorate | 5,970 | 1,053 |
| | | Strategic Director: Transformation | | |
| 75 | 67 | Direct Responsibility | 593 | 525 |
| 47 | 13 | Partnerships | 20 | 7 |
| 137 | 179 | Policy & Performance | 79 | -99 |
| 259 | 259 | Total for Directorate | 692 | 433 |
| -700 | -700 | CityCare savings budgets to be devolved to Services | 0 | 700 |
| -600 | -600 | Salaries savings budgets to be devolved to services | 0 | 600 |
| 24,204 | 24,194 | TOTAL GENERAL FUND | 26,972 | 2,692 |
| | | LGR | | -525 |
| | | HELM | | -400 |
| | | NET TOTAL | | 1,767 |

Appendix 2

| 2008/9 Original Budget £000s | 2008/9 Revised Budget £000s | GENERAL FUND SUBJECTIVE ANALYSIS FOR NOVEMBER 2008 (PERIOD 8) | 2008/9 Projected Out-turn £000s | 2008/9 Projected Variance £000s |
|---------------------------------------|--------------------------------------|--|--|--|
| | | Expenditure | | |
| 22,749 | 23,065 | Employees Expenses | 23,181 | 117 |
| 9,302 | 9,303 | Premises | 8,790 | -512 |
| 445 | 449 | Transport | 321 | -128 |
| 24,254 | 24,927 | Supplies & Services | 30,039 | 5,112 |
| 55,444 | 55,444 | Third Party & Transfer Payments | 61,007 | 5,563 |
| 31,527 | 31,514 | Capital Charges | 31,545 | 31 |
| 23,897 | 24,783 | Overhead Recharges | 24,864 | 81 |
| 167,619 | 169,485 | Subtotal Expenditure | 179,748 | 10,263 |
| | | Income | | |
| -64,219 | -64,878 | Grant, Reimbursements Etc | -72,140 | -7,262 |
| -18,112 | -18,112 | Customer & Client Receipts | -18,539 | -513 |
| -5,626 | -5,626 | Interest | -5,545 | 80 |
| -55,458 | -56,675 | Recharge Income | -56,552 | 123 |
| -143,415 | -145,291 | Subtotal Income | -152,776 | -7,571 |
| | | | | |
| 24,204 | 24,194 | TOTAL GENERAL FUND | 26,972 | 2,692 |
| | | | LGR | -525 |
| | | | HELM | -400 |
| | | | NET TOTAL | 1,767 |

Appendix 3

| Summary Housing Revenue Account | | | | |
|---------------------------------------|--------------------------------------|--------------------------------------|--|--|
| 2008/9 Original Budget £000s | 2008/9 Current Budget £000s | Current Period: Nov-08 | 2008/9 Projected Out-turn £000s | 2008/9 Projected Variance £000s |
| | | EXPENDITURE | | |
| 12,600 | 12,600 | Contribution to Repairs Fund | 12,600 | 0 |
| 9,072 | 9,070 | General Management | 8,967 | -103 |
| 5,806 | 5,808 | Special Services | 5,755 | -53 |
| 54 | 54 | Rent, Rates and Other Charges | 54 | 0 |
| 15,949 | 15,949 | Depreciation | 15,949 | 0 |
| 79 | 79 | Debt Management Expenses | 79 | 0 |
| 150 | 150 | Bad Debts Provision | 150 | 0 |
| 4,219 | 4,219 | Debt Charges | 4,219 | 0 |
| 795 | 795 | Premium for early repayment of debt | 703 | -92 |
| 3,245 | 3,245 | Revenue Contributions to Capital | 4,395 | 1,150 |
| 41 | 41 | HRA Set-Aside (Contribution to MRP) | 93 | 53 |
| 52,009 | 52,009 | EXPENDITURE | 52,964 | 955 |
| | | INCOME | | |
| -45,948 | -45,948 | Dwelling Rents | -46,373 | -425 |
| -2,381 | -2,381 | Garages, Shops and Land Rents | -2,491 | -110 |
| 5,983 | 5,983 | Housing Revenue Account Subsidy | 6,082 | 99 |
| -2,989 | -2,989 | Service Charges | -3,551 | -562 |
| -836 | -836 | Amenities shared by whole community | -836 | 0 |
| -385 | -385 | Interest | -265 | 120 |
| -6,501 | -6,501 | Item 8 Credit | -6,501 | 0 |
| -95 | -95 | Miscellaneous | -2 | 93 |
| -53,152 | -53,152 | INCOME | -53,937 | -785 |
| | | | | |
| -1,143 | -1,143 | TOTAL HOUSING REVENUE ACCOUNT | -973 | 170 |

Appendix 4

| Subjective Analysis of HRA General Management & Special Services | | | | |
|--|--------------------------------------|--------------------------------------|--|--|
| 2008/9 Original Budget £000s | 2008/9 Current Budget £000s | Current Period: Nov-08 | 2008/9 Projected Out-turn £000s | 2008/9 Projected Variance £000s |
| | | Expenditure | | |
| 6,473 | 6,583 | Employees Expenses | 6,833 | 250 |
| 3,530 | 3,530 | Premises | 3,575 | 45 |
| 283 | 283 | Transport | 188 | -95 |
| 1,761 | 1,638 | Supplies & Services | 1,273 | -365 |
| 1,597 | 1,605 | Third Party & Transfer Payments | 1,534 | -71 |
| 3,825 | 3,825 | Overhead Recharges | 3,923 | 98 |
| 17,469 | 17,465 | Subtotal Expenditure | 17,326 | -139 |
| | | Income | | |
| -233 | -241 | Grant, Reimbursements Etc | -304 | -63 |
| -747 | -747 | Customer & Client Receipts | -667 | 80 |
| -1,611 | -1,599 | Recharge Income | -1,632 | -34 |
| -2,591 | -2,587 | Subtotal Income | -2,603 | -17 |
| 14,878 | 14,878 | TOTAL HOUSING REVENUE ACCOUNT | 14,722 | -156 |