

Report for Information

Report to Executive
22 April 2009
Report of Head of Finance
Subject Revenue Budget Monitoring 2008/09

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Purpose

To update the Executive on the budget monitoring position to 28 February 2009.

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
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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 28 February 2009.
2. The overall position reported shows a projected overspend of £1.19m. The planned use of reserves for Transformation & Efficiency and Reprovisioning is incorporated within this forecast outturn.
3. Notwithstanding the current economic environment, the biggest impact on the Council's financial position remains the shortfall in funding of Concessionary Fares. Without this pressure, savings measures already taken would be adequate to balance the current year budget.
4. Key risk areas and points to note, as have previously been reported on in budget monitoring and 2009/10 budget setting reports, include:

TABLE 1: GENERAL FUND

Head of Communications & Culture <ul style="list-style-type: none">• Costs of printing in excess of budget• Events income below budget due to impact of recession
Head of Community Services <ul style="list-style-type: none">• Savings made on Ground Maintenance contracts
Head of Economic Development <ul style="list-style-type: none">• Savings made and carry forward of LEGL funds under review
Head of Citizen Services <ul style="list-style-type: none">• Costs of refuse collection & street cleansing in excess budget, offset by increased recycling credits
Head of Asset & City Management <ul style="list-style-type: none">• Car park income currently exceeding budget, but at risk of decrease owing to impact on shoppers of recession.• Investment Property income currently exceeding budget, but at risk of decrease owing to impact on businesses of recession
Head of Transport & Landscape <ul style="list-style-type: none">• Bus Concessions expected to overspend by £1.5m owing to increased demand.
Head of Planning <ul style="list-style-type: none">• Planning Fee income shortfall of £0.15m, expected to increase due to inactivity in property market, offset by Planning Delivery Grant
Head of Finance <ul style="list-style-type: none">• Possible £0.4m shortfall in interest income owing to reduced bank rates, but shortfall likely to increase as rates continue to fall
Head of Legal & Democratic Services <ul style="list-style-type: none">• Land Charge income shortfall expected to continue due to inactivity in property market
Head of Procurement & Service Improvement <ul style="list-style-type: none">• Budget for stationery recharges to be devolved to eliminate shortfall
Head of Customer Contact

<ul style="list-style-type: none"> • Front-line salaries & agency staffing and postage costs in excess of budget to be recharged to eliminate shortfall
Director of Transformation <ul style="list-style-type: none"> • Salary savings made and accruing to General Fund after approved use of reserves

5. Forecast variances arising from incorrect historical budget allocations and from changes in demand and other external factors have been adjusted for in the approved 2009/10 budget, to improve the financial baseline against which future performance will be monitored and managed.
6. In overall terms the Council's financial standing as reflected in its reserves position remains strong, which currently provides financial security to the Council and its stakeholders.
7. The overall projected overspend reported should be viewed with caution, as it includes assumptions over levels of income and costs which in the current economic climate may still vary considerably over the final weeks of the financial year.
8. Financial modelling indicates that the Council could face an adverse impact of several million pounds as a result of the worsening economic climate. As set out during the process of setting the 2009/10 budget, work will be undertaken during the next financial year (supported by use of reserves) to ensure that the Council can maintain a prudent level of balances over future years.

Housing Revenue Account

9. Appendix 2 shows an overview of the Housing Revenue Account for the period and a forecast for the full financial year.
10. The budget provides for a contribution to balances of £1.14m in 2007/08, against which projected net income of £0.68m leaves a deficit of £0.46m.
11. Key risks and points to note are:

TABLE 2: HOUSING REVENUE ACCOUNT

Repairs & Maintenance <ul style="list-style-type: none"> • Voids are now expected to overspend by £1.5m owing to increased demand and high unit costs, which have accelerated in recent weeks. This overspend is expected to be partially offset by savings elsewhere within revenue repairs budgets. • Unbudgeted costs in respect of non-traditional housing stock are being met from Housing Capital resources as they are incurred. • Costs of asbestos works are currently being contained within revenue and capital budgets, though expected to increase significantly in future years.
Rent, Rates & Other Property Costs <ul style="list-style-type: none"> • An overspend is shown since £6m Anglian Water rate payments and charges to tenants are no longer netted off. This overspend is offset by increase income shown under "Miscellaneous".

<p>General Management</p> <ul style="list-style-type: none"> • An overspend of £01.m is anticipated since costs are not able to be charged against RTB receipts owing to the downturn in completions. • Underspends on salaries and the HRA Contingency are expected to deliver a net underspend.
<p>Special Services</p> <ul style="list-style-type: none"> • An overspend is shown which relates to costs under investigation which may be chargeable against the General Management underspend.
<p>Rent Income</p> <ul style="list-style-type: none"> • A shortfall is shown against the rent income budgets, offset by increased income shown under service charges. This will be resolved during the year-end Rent Reconciliation.

12. The HRA balances position is currently satisfactory and expected to remain so in the short term, during which further revenue contributions to capital are planned.

Appendix 1 – General Fund Summary by Service

SUMMARY BUDGET MONITORING POSITION

FOR FEBRUARY 2009 (PERIOD 11)

	2008/9 Original Budget £	2008/9 Revised Budget £	2008/9 Budget To date £	2008/9 Actual To date £	Projected Out-turn £	Proj Vari
Chief Executive						
Direct Responsibility	8,410	22,494	20,603	4,763	8,718	
Head of Communication & Cultural Services	2,820,900	2,820,900	2,585,781	2,455,956	2,923,184	
Sub Total for Directorate	2,829,310	2,843,394	2,606,384	2,460,719	2,931,901	
Strategic Director: Regeneration & Development - Neighbourhood Development						
Head of Community Services	5,403,295	5,402,935	4,952,566	3,641,994	5,084,408	
Head of Neighbourhood & Strategic Housing	842,300	842,300	772,101	-185,028	772,867	
Head of Citizen Services	5,897,035	5,897,035	5,405,615	5,514,183	6,169,400	
Sub Total for Directorate	12,142,630	12,142,270	11,130,282	8,971,148	12,026,676	
Strategic Director: Regeneration & Development - City Development						
Direct Responsibility	216,960	342,589	314,036	639,420	584,549	
Head of Asset & City Management	-563,650	-528,968	-779,561	-4,379,320	-1,581,784	
Head of Transportation Policy	1,803,290	1,650,972	781,209	1,715,048	3,043,496	
Head of Planning	1,806,290	1,806,290	1,655,748	475,030	1,436,640	
Head of Economic Development	541,000	552,555	506,640	-1,423,193	498,434	
Head of Neighbourhood & Strategic Housing	1,634,260	1,652,610	1,514,865	1,076,325	1,589,931	
Sub Total for Directorate	5,438,150	5,476,048	3,992,937	-1,896,690	5,571,266	
Total for Directorate	17,580,780	17,618,318	15,123,219	7,074,458	17,597,942	
Strategic Director: Corporate Resources						
Direct Responsibility	34,810	127,985	117,293	122,021	46,914	
Head of Finance	919,320	1,002,525	3,115,363	4,104,513	1,677,722	
Head of Legal & Democratic services	2,127,235	2,127,235	1,950,643	2,220,908	2,326,107	
Head of HR & Learning	50,405	-185,483	-169,994	2,073,640	-181,316	
Head of Procurement & Service Improvement	275,030	275,030	252,093	1,375,657	512,387	
Head of Customer Contact	127,760	127,760	117,084	2,398,151	417,860	
Sub Total for Directorate	3,534,560	3,475,052	5,382,482	12,294,891	4,799,674	
Strategic Director: Transformation						
Direct Responsibility	75,400	70,400	64,504	634,036	-75,395	
Partnerships	46,797	13,047	11,964	87,589	35,799	
Policy & Performance	136,933	178,683	163,808	132,470	94,769	
Sub Total for Directorate	259,130	262,130	240,276	854,094	55,173	
TOTAL GENERAL FUND	24,203,780	24,198,894	23,352,361	22,684,162	25,384,691	

Appendix 2 – Housing Revenue Account Summary

Portfolio: Communities & Neighbourhood Service: Housing Management Budget Manager:			<div>Feb-09</div> <div>11</div>	HRA Revenue Account		
2008/9 Original Budget £	2008/9 Revised Budget £	<div>BVACOP</div> <div>Main Service Group: HRA</div> <div>Cost Centre code: Various</div>	2008/9 Budget to date £	2008/9 Actual to date £	Projected Out-turn £	Variance £
		EXPENDITURE				
12,600,000	12,600,000	Repairs & Maintenance	11,550,000	0	13,600,000	1,600,000
54,100	54,100	Rent, Rates and Other Charges	49,592	5,714,934	6,227,608	6,173,508
9,072,020	9,078,620	Supervision and Management: General Management	8,316,018	4,754,555	8,677,001	-401,619
5,805,920	5,799,320	Special Management	5,322,093	3,917,857	6,062,486	263,166
15,948,700	15,948,700	Depreciation	14,619,642	0	15,948,700	0
78,700	78,700	Debt Management Expenses	72,142	0	78,700	0
150,000	150,000	Bad Debts Provision	137,500	-19,999	150,000	0
43,709,440	43,709,440	EXPENDITURE	40,066,987	14,367,347	50,744,495	7,635,055
		INCOME				
-45,948,300	-45,948,300	RENTS: Dwellings	-42,119,275	-26,643,449	-45,615,045	333,255
-2,380,599	-2,380,599	Garages, Shops and Land	-2,182,216	-1,723,929	-2,152,485	228,114
5,983,000	5,983,000	EXCHEQUER SUBSIDIES: Housing Revenue Account Subsidy	5,484,417	18,062	6,067,070	84,070
-563,410	-563,410	FEES & CHARGES: Service Charges - General	-516,459	-1,268,087	-1,290,021	-726,611
-590,560	-590,560	Service Charges - District Heating	-541,347	-427,353	-466,204	124,356
-11,100	-11,100	Service Charges - Furniture	-10,175	-3,457	-3,771	7,329
-726,350	-726,350	Service Charges - Premises Manager	-665,821	0	0	726,350
-965,750	-965,750	Service Charges - Sheltered Housing	-885,271	-723,369	-789,130	176,620
-62,400	-62,400	Service Charges - Good Neighbours	-57,200	0	0	62,400
-48,940	-48,940	Service Charges - Window Cleaning	-44,862	-30,188	-32,932	16,008
-20,200	-20,200	District Heating-Other Authorities	-18,517	0	0	20,200
-95,066	-95,066	Miscellaneous	-87,144	-3,420,231	-8,328,465	-8,233,399
-45,429,675	-45,429,675	INCOME	-41,643,869	-34,222,001	-52,610,983	-7,181,308
-1,720,235	-1,720,235	NET COST OF SERVICE	-1,576,882	-19,854,654	-1,866,488	453,747
4,219,000	4,219,000	Debt Charges	3,867,417	0	4219000	0
-836,200	-836,200	Amenities shared by whole community	-766,517	0	-836200	0
795,000	795,000	Premium for early repayment of debt	728,750	0	795000	0
0	0	Contributions to Provisions	0	0	0	0
0	0	Other Capital Charges	0	5,721	6,241	6,241
0	0	FRS17 Pensions Adjustment	0	0.00	0	0
-385,000	-385,000	Interest	-352,917	0	-385,000	0
2,072,565	2,072,565	NET OPERATING EXPENDITURE	1,899,851	-19,848,933	1,932,553	459,988
-6,501,300	-6,501,300	Item 8 Credit	-5,959,525	0	-6,501,300	0
3,245,000	3,245,000	Revenue Contributions to Capital	2,974,583	0	3,245,000	0
0	0	Employers pension Contribution	0	0	0	0
40,500	40,500	HRA Set-Aside (Contribution to MRP)	37,125	56,550	40,500	0
-1,143,235	-1,143,235	DEFICIT/(SURPLUS) FOR YEAR	-1,047,965	-19,792,383	-1,283,247	459,988