

## Report for Information

**Report to** Cabinet  
16 March 2011  
**Report of** Head of Finance  
**Subject** Revenue Budget Monitoring 2010/11

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### **Purpose**

To update cabinet on the current financial position as at 31 December 2010.

### **Recommendations**

That cabinet 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 - resources, performance and shared services

**Ward:** All

### **Contact Officers**

Barry Marshall, head of finance  
Mark Smith, finance control manager

01603 212556  
01603 212561

### **Background Documents**

None

## 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
  - Appendix 3 shows in graphical format the budget and expenditure to date for each service (including both General Fund and Housing Revenue Account).

## 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 **£0.275m**.
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 **£1.054m**.

7. Significant contributory factors include:

<i>Service</i>	<i>Forecast Variance £000s</i>	<i>Comment</i>
Housing Repairs	(1,725)	Forecast underspend due to slippage in planned work and non-use of contingency
Housing Repairs	(1,613)	Forecast underspend due to reduced recharge of technical staff costs
General Management	1,613	Forecast overspend due to reduced recharge of technical staff costs
Central Expenses	1,890	Increase required in budget for charges for historic debt
Rents & Service Charges	(342)	Increase in rents & service charged levied
Special Services	(531)	Savings on costs of services provided

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:
- Contractor-related issues – the administration of the largest of the council contractors has had an impact directly on costs and indirectly through reduced performance. Monitoring of costs from emergency and interim contractors is hampered by the need to develop new invoicing and cost allocation arrangements. The Council is monitoring this situation closely.
  - 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 may 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, updated to reflect the audited 2009/10 outturn, is as follows:

Budgeted balance at 1 April 2010	- £5.051m
Impact of 2009/10 outturn	£0.020m
= Balance at 1 April 2010	- £5.031m
Budgeted use of balances 2010/11	£0.748m
Budgeted contribution to balances 2010/11	- £0.400m
Forecast Over/(Under)spend 2010/11	- £0.275m
= Forecast balance at 31 March 2011	- £4.958m

14. The prudent minimum level of HRA reserves has been assessed as £2.803m. The forecast position, updated to reflect the audited 2009/10 outturn, is as follows:

Budgeted balance at 1 April 2010	- £4.311m
Impact of 2009/10 outturn	- £1.128m
= Balance at 1 April 2010	- £5.439m
Budgeted contribution to/use of balances 2010/11	- £3.052m
Forecast Over/Underspend 2010/11	- £1.054m
= Forecast balance at 31 March 2011	- £9.545m

**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	172,341	167,091	(5,250)	58,629	(687)
2,773,026	2,770,966	Communications & Culture	1,640,315	1,600,457	(39,858)	2,841,423	70,457
279,156	325,056	Strategy & Programme Management	751,239	663,053	(88,186)	162,571	(162,485)
<b>3,111,498</b>	<b>3,155,338</b>	<b>Total Chief Executive</b>	<b>2,563,895</b>	<b>2,430,601</b>	<b>(133,294)</b>	<b>3,062,622</b>	<b>(92,716)</b>
<b>Corporate Resources</b>							
45,715	45,715	Corporate Resources	98,892	94,164	(4,728)	39,427	(6,288)
783,717	697,854	Customer Contact	2,306,343	2,108,272	(198,071)	467,203	(230,651)
3,470,603	(22,062,905)	Finance	(26,573,858)	(24,534,650)	2,039,208	(20,654,675)	1,408,230
(269,446)	(269,446)	HR & Learning	1,975,833	1,559,956	(415,877)	(805,716)	(536,270)
25,304	25,304	Legal & Democratic Services	502,821	436,185	(66,636)	(81,336)	(106,640)
(101,384)	(85,522)	Procurement & Service Improvement	5,443,470	4,934,382	(509,088)	(121,181)	(35,659)
<b>3,954,509</b>	<b>(21,649,000)</b>	<b>Total Corporate Resources</b>	<b>(16,246,499)</b>	<b>(15,401,690)</b>	<b>844,809</b>	<b>(21,156,278)</b>	<b>492,722</b>
<b>Regeneration &amp; Development</b>							
1,469,900	1,922,635	City Development	(2,766,659)	(2,835,085)	(68,426)	2,147,288	224,653
9,745,733	10,021,258	Citywide Services	5,529,772	4,929,686	(600,086)	9,262,554	(758,704)
378,056	378,056	Director of Regeneration & Development	215,107	431,864	216,757	399,363	21,307
1,979,914	1,979,914	Neighbourhood Housing	871,839	53,983	(817,856)	1,716,987	(262,927)
2,457,103	2,440,892	Neighbourhood Services	1,342,128	1,204,545	(137,583)	2,463,717	22,825
1,713,415	1,713,415	Planning	649,152	536,189	(112,963)	1,790,343	76,928
286,872	36,872	Property Services	1,116,859	1,302,518	185,659	37,134	262
<b>18,030,993</b>	<b>18,493,042</b>	<b>Total Regeneration &amp; Development</b>	<b>6,958,198</b>	<b>5,623,700</b>	<b>(1,334,498)</b>	<b>17,817,386</b>	<b>(675,656)</b>
<b>25,097,000</b>	<b>(620)</b>	<b>Total General Fund</b>	<b>(6,724,406)</b>	<b>(7,347,389)</b>	<b>(622,983)</b>	<b>(276,270)</b>	<b>(275,650)</b>

**GENERAL FUND SUBJECTIVE SUMMARY**

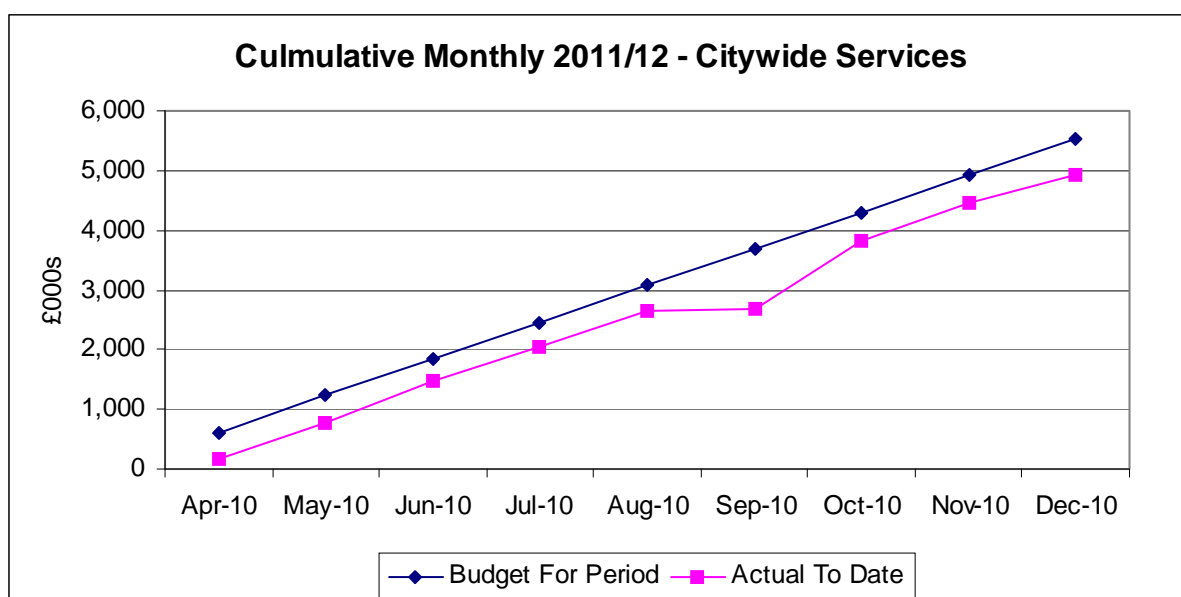
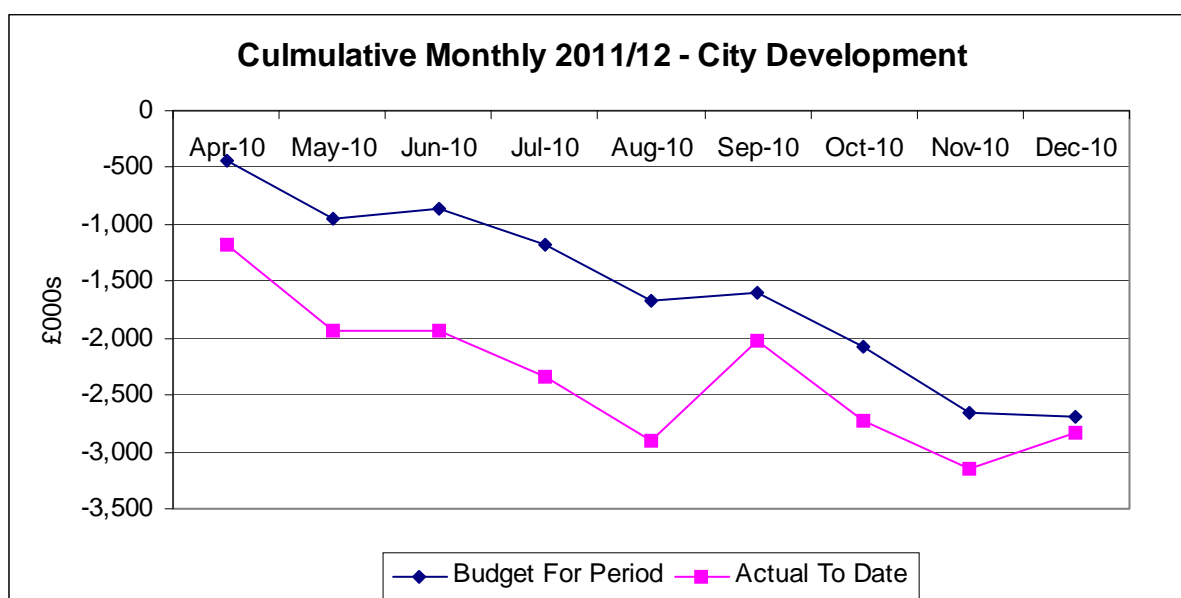
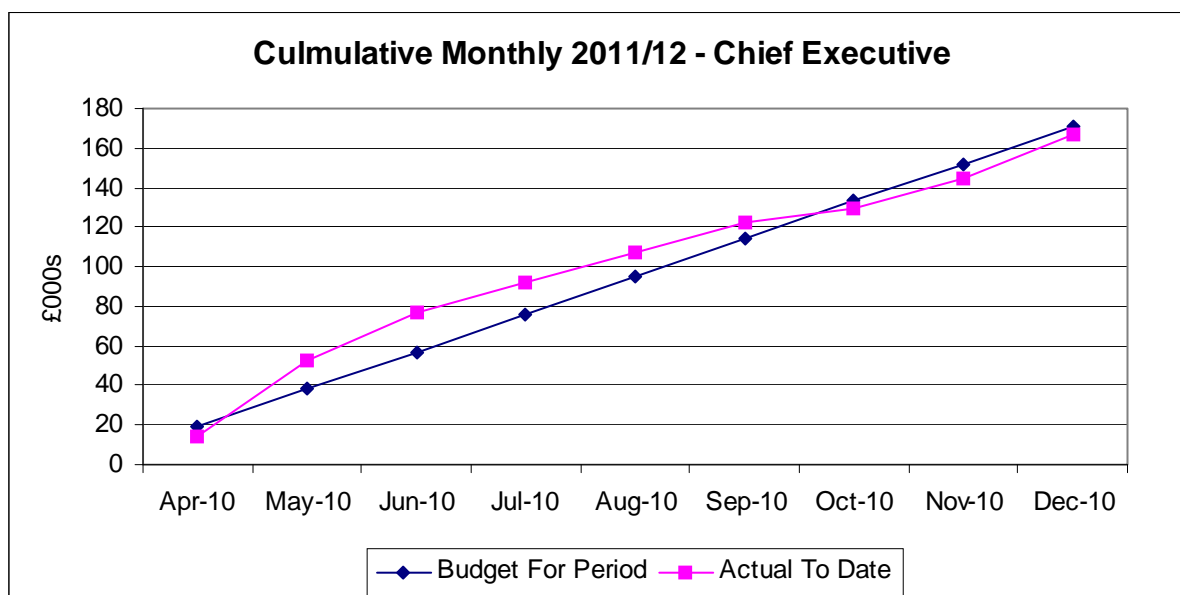
<i>Approved Budget</i>	<i>Current Budget</i>		<i>Budget To Date</i>	<i>Actual To Date</i>	<i>Variance To Date</i>	<i>Forecast Outturn</i>	<i>Forecast Variance</i>
22,285,062	22,237,247	Employees	16,677,510	16,276,820	(400,690)	22,295,799	58,552
8,602,693	8,562,427	Premises	6,420,781	5,146,750	(1,274,031)	8,061,403	(501,024)
380,976	382,056	Transport	285,680	166,830	(118,850)	217,248	(164,808)
22,649,092	29,456,366	Supplies & Services	22,061,529	22,064,776	3,247	29,223,131	(233,235)
3,673,402	3,673,402	Third Party Payments	2,755,017	175,175	(2,579,842)	233,441	(3,439,961)
69,485,620	60,302,507	Transfer Payments	32,363,443	34,755,879	2,392,436	64,150,311	3,847,804
2,931,043	3,022,043	Capital Charges	4,945,812	2,367,441	(2,578,371)	4,381,821	1,359,778
(25,386,793)	(32,111,151)	Receipts	(23,591,404)	(20,875,794)	2,715,610	(28,915,113)	3,196,038
(76,328,928)	(92,189,629)	Government Grants	(69,501,538)	(68,031,517)	1,470,021	(97,100,784)	(4,911,155)
1,194,101	1,165,101	Centrally Managed	873,481	394,465	(479,016)	1,286,825	121,724
26,341,115	26,346,413	Recharge Expenditure	5,596,434	1,489,067	(4,107,367)	26,125,499	(220,914)
(30,730,383)	(30,847,402)	Recharge Income	(5,611,151)	(1,277,280)	4,333,871	(30,235,850)	611,552
<b>25,097,000</b>	<b>(620)</b>	<b>Total General Fund</b>	<b>(6,724,406)</b>	<b>(7,347,389)</b>	<b>(622,983)</b>	<b>(276,270)</b>	<b>(275,650)</b>

**HOUSING REVENUE ACCOUNT STATUTORY SUMMARY**

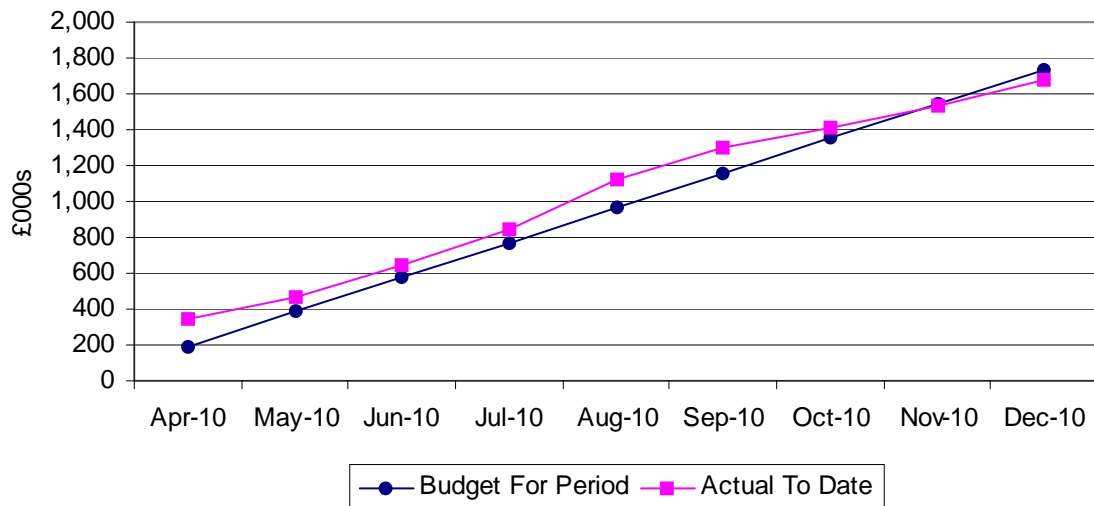
<i>Approved Budget</i>	<i>Current Budget</i>		<i>Budget To Date</i>	<i>Actual To Date</i>	<i>Variance To Date</i>	<i>Forecast Outturn</i>	<i>Forecast Variance</i>
14,495,976	14,495,976	Repairs & Maintenance	10,871,802	4,178,970	(6,692,832)	10,699,513	(3,796,463)
6,126,190	6,126,190	Rents, Rates, & Other Property Costs	4,594,608	4,618,793	24,185	5,783,725	(342,465)
9,551,074	9,595,844	General Management	4,220,703	3,835,909	(384,794)	10,837,897	1,242,053
5,374,033	5,662,327	Special Services	3,971,560	2,582,467	(1,389,093)	5,209,928	(452,399)
10,891,900	12,146,500	Depreciation & Impairment	997,569	70,756	(926,813)	14,036,000	1,889,500
150,000	150,000	Provision for Bad Debts	112,500	0	(112,500)	178,480	28,480
(48,219,460)	(48,219,460)	Dwelling Rents	(37,611,180)	(36,116,127)	1,495,053	(48,042,418)	177,042
(2,258,041)	(2,258,041)	Garage & Other Property Rents	(1,728,981)	(1,750,362)	(21,381)	(2,256,455)	1,586
5,932,400	5,932,400	Housing Subsidy	4,449,294	4,906,638	457,344	6,133,251	200,851
(2,958,590)	(9,270,154)	Service Charges - General	(7,193,267)	(6,813,048)	380,219	(9,192,442)	77,712
(5,978,675)	(175)	Miscellaneous Income	(138)	(60,212)	(60,074)	(80,974)	(80,799)
4,456,300	3,201,700	Adjustments & Financing Items	0	553,316	553,316	3,201,700	0
(499,430)	(499,430)	Amenities shared by whole community	(374,580)	0	374,580	(499,430)	0
(115,240)	(115,240)	Interest Received	(86,436)	0	86,436	(115,240)	0
<b>(3,051,563)</b>	<b>(3,051,563)</b>	<b>Total Housing Revenue Account</b>	<b>(17,776,546)</b>	<b>(23,992,900)</b>	<b>(6,216,354)</b>	<b>(4,106,465)</b>	<b>(1,054,902)</b>

**HOUSING REVENUE ACCOUNT SUBJECTIVE SUMMARY**

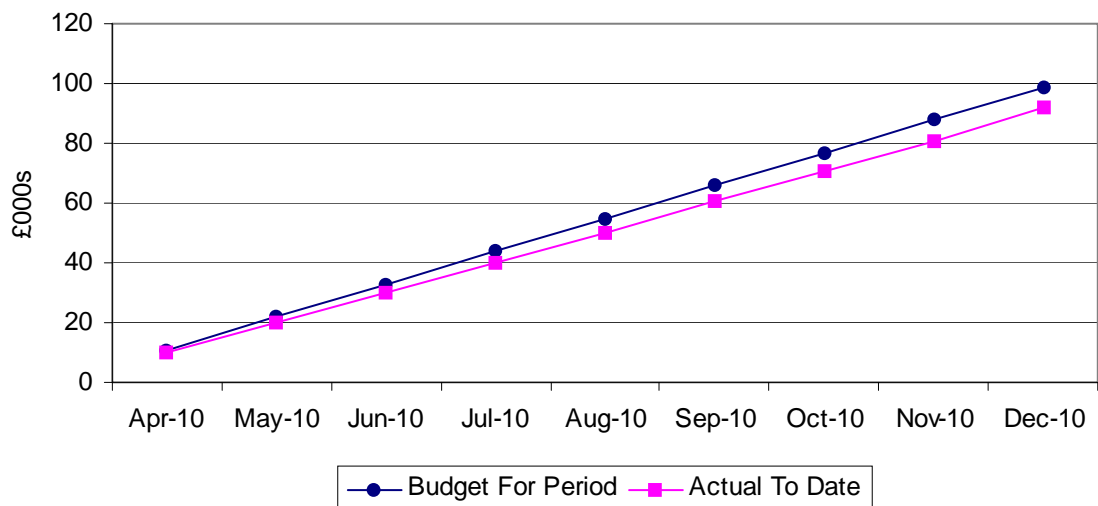
<i>Approved Budget</i>	<i>Current Budget</i>		<i>Budget To Date</i>	<i>Actual To Date</i>	<i>Variance To Date</i>	<i>Forecast Outturn</i>	<i>Forecast Variance</i>
7,225,265	7,238,181	Employees	5,188,414	5,004,322	(184,092)	6,987,581	(250,600)
20,582,833	20,544,573	Premises	15,407,298	10,191,447	(5,215,851)	18,131,838	(2,412,735)
167,240	167,240	Transport	125,064	138,100	13,036	156,648	(10,592)
4,647,065	4,721,022	Supplies & Services	2,809,683	934,207	(1,875,476)	4,228,896	(492,126)
30,000	34,700	Third Party Payments	26,037	19,349	(6,688)	26,147	(8,553)
6,299,389	6,286,739	Recharge Expenditure	2,436,399	11,009	(2,425,390)	4,321,394	(1,965,345)
12,713,300	12,713,300	Capital Charges	997,569	624,072	(373,497)	14,602,800	1,889,500
(61,084,878)	(61,089,578)	Receipts	(47,539,982)	(45,541,924)	1,998,058	(60,939,911)	149,667
5,595,590	5,595,590	Government Grants	4,196,682	4,635,326	438,644	5,802,219	206,629
(1,862,267)	(1,898,230)	Recharge Income	(1,423,710)	(8,808)	1,414,902	(58,976)	1,839,254
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>(17,776,546)</b>	<b>(23,992,900)</b>	<b>(6,216,354)</b>	<b>(4,106,465)</b>	<b>(1,054,902)</b>



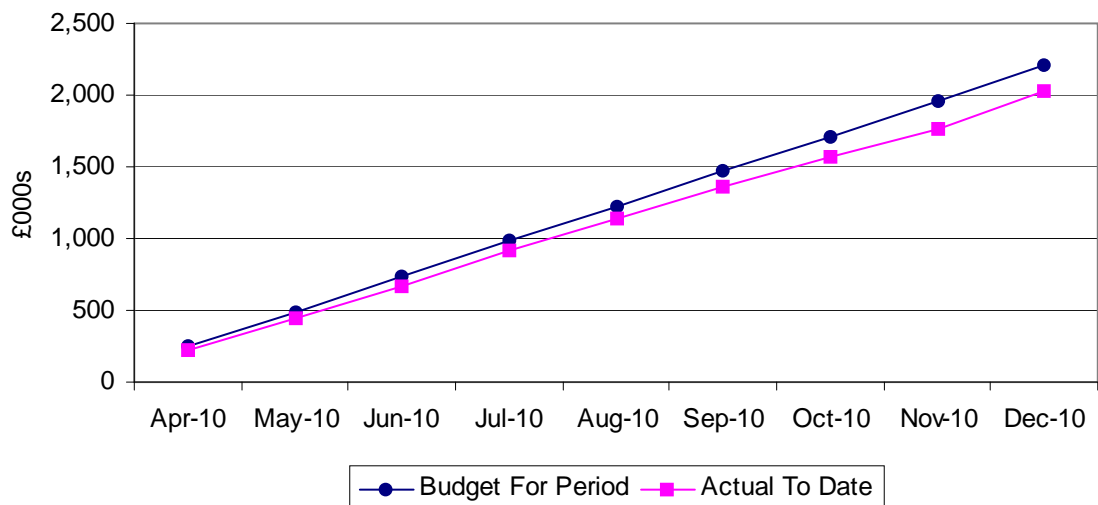
### Culmulative Monthly 2011/12 - Communications & Culture



### Culmulative Monthly 2011/12 - Corporate Resources

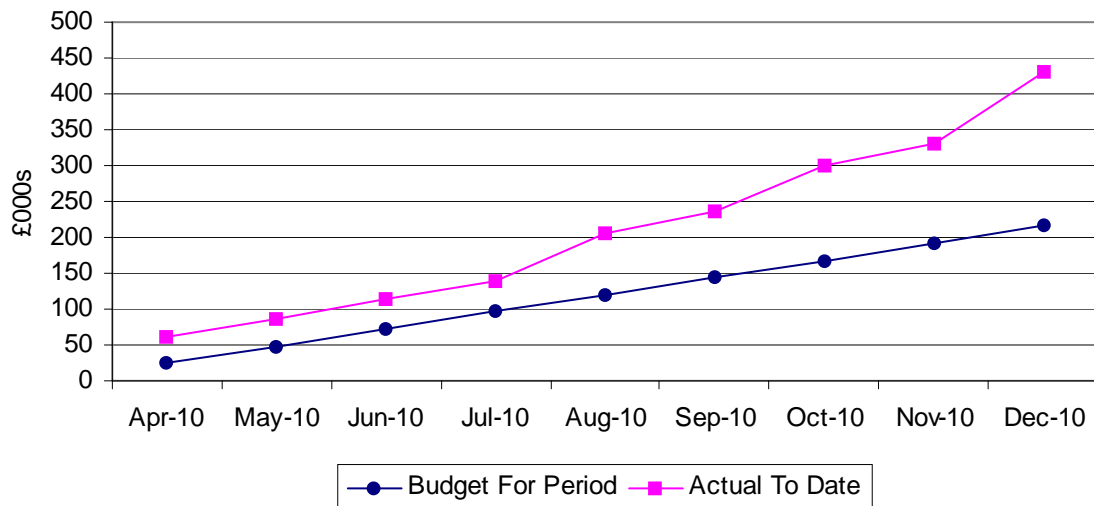


### Culmulative Monthly 2011/12 - Customer Contact

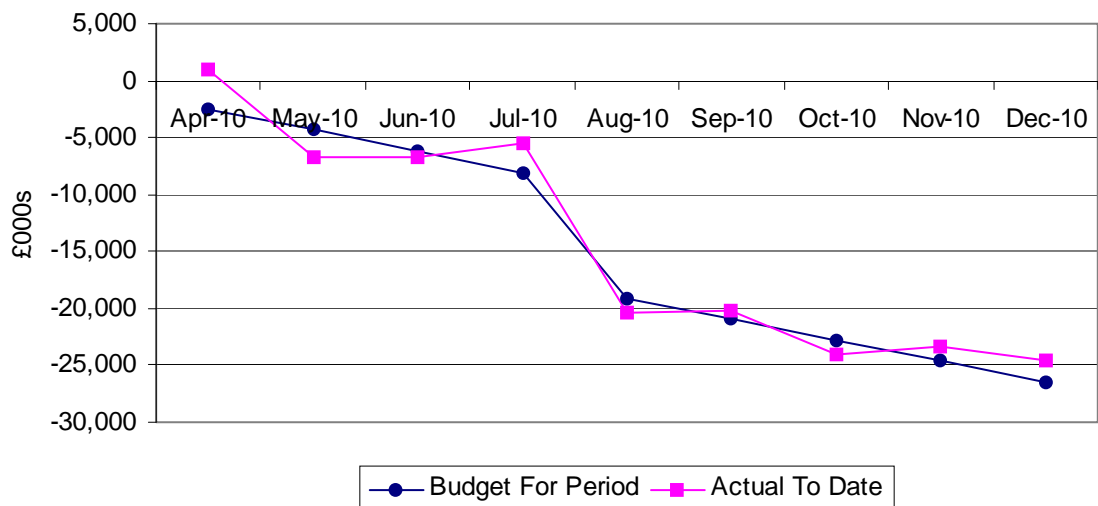




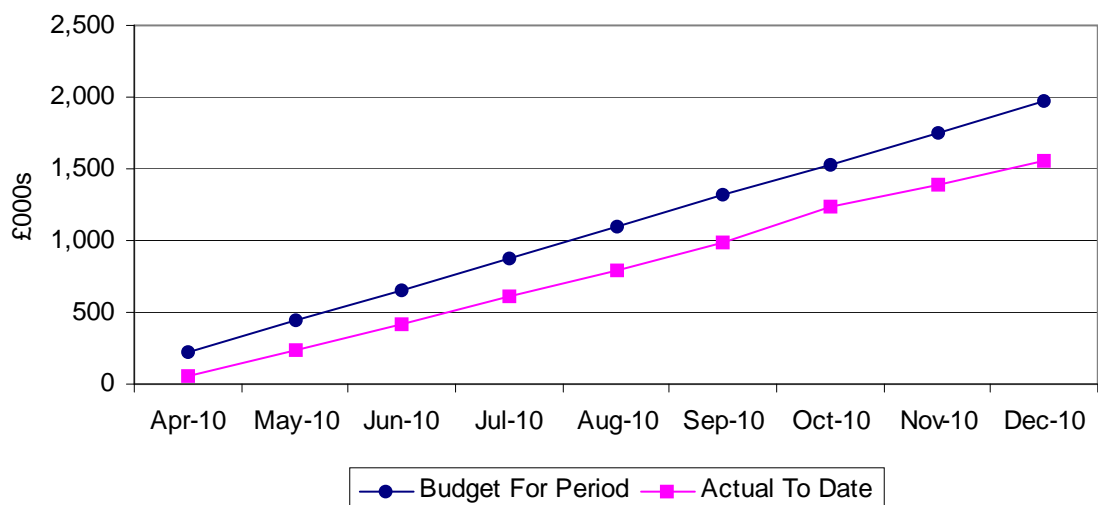
### Culmulative Monthly 2011/12 - Director of R+D



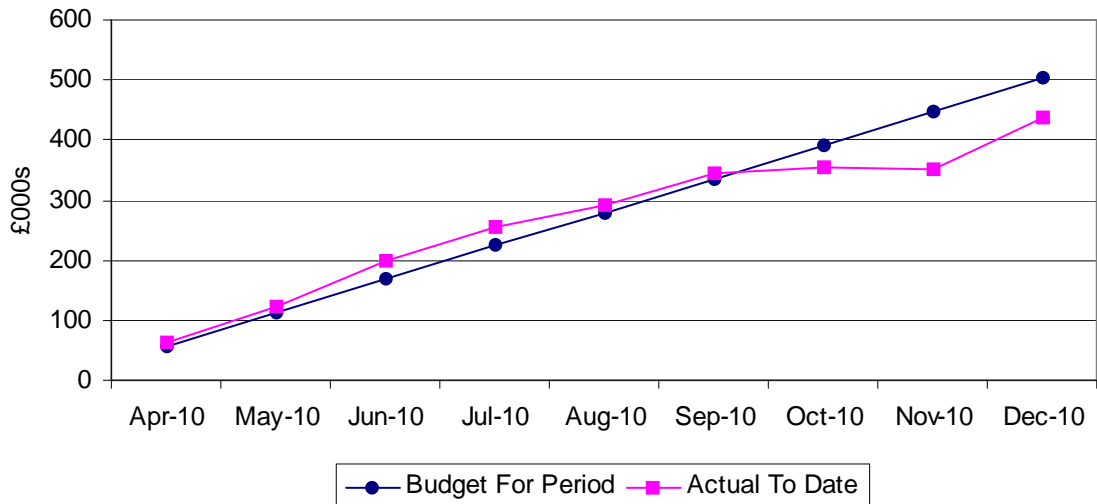
### Culmulative Monthly 2011/12 - Finance



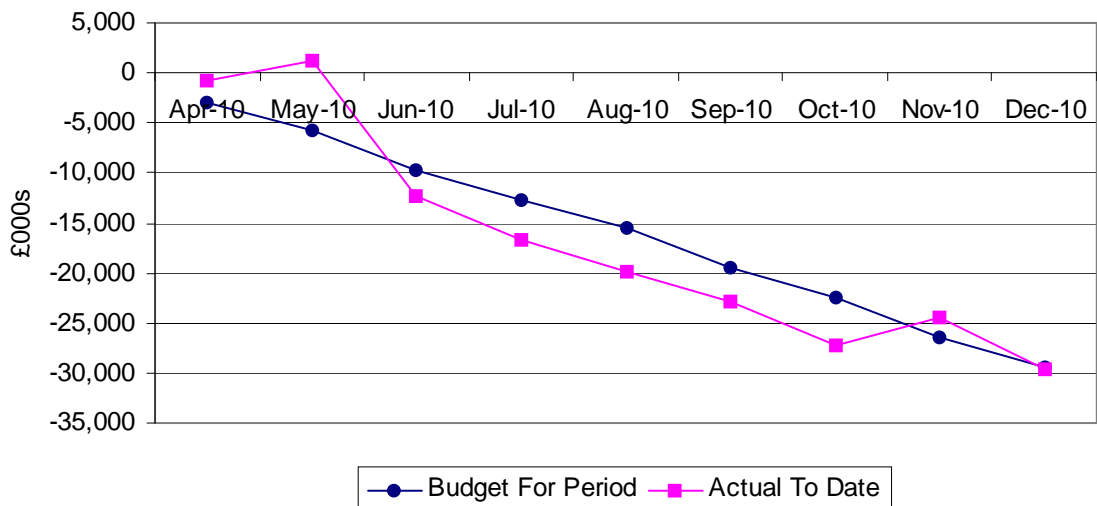
### Culmulative Monthly 2011/12 - HR & Learning



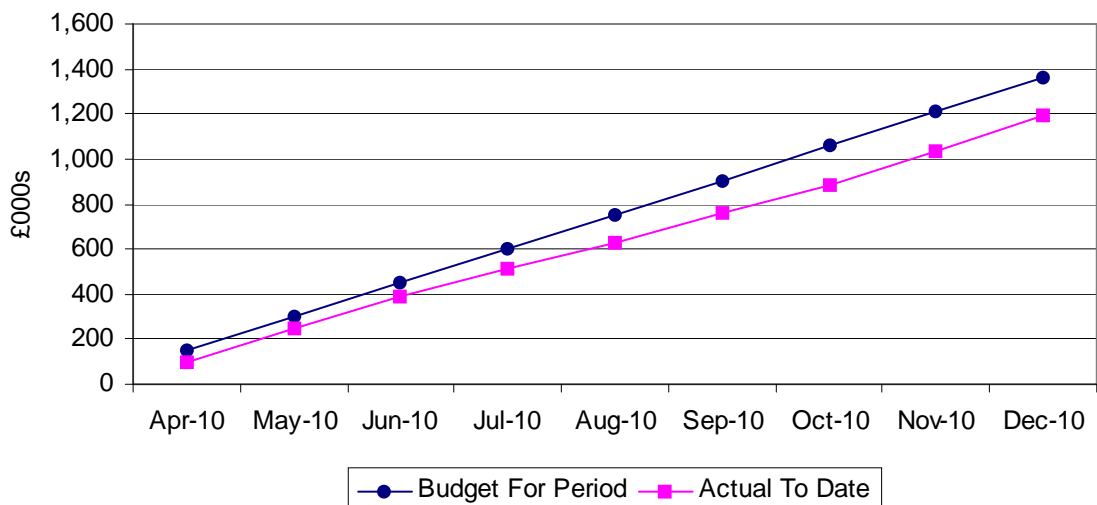
**Culmulative Monthly 2011/12 - Legal Services**



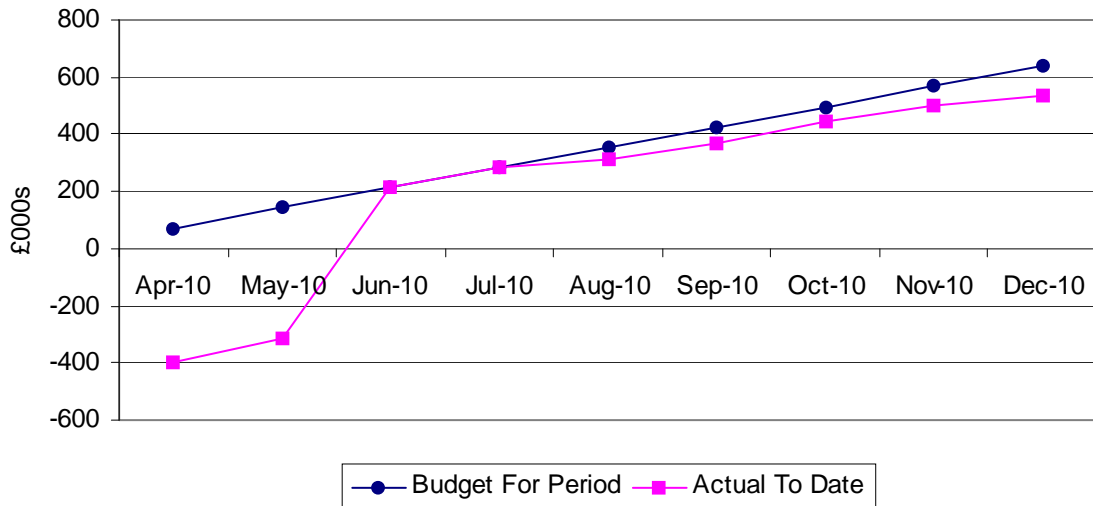
**Culmulative Monthly 2011/12 - Neighbourhood Housing**



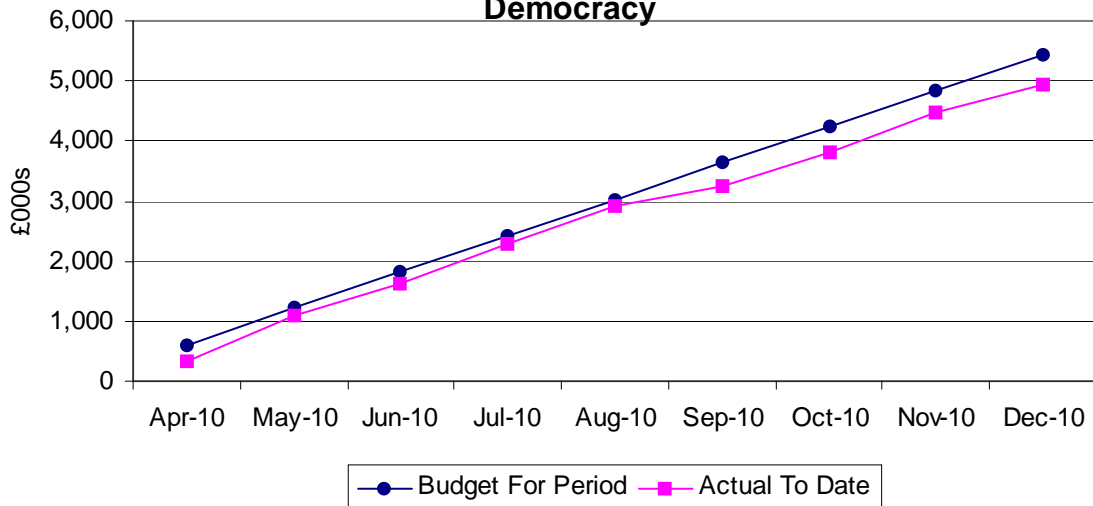
**Culmulative Monthly 2011/12 - Neighbourhood Services**



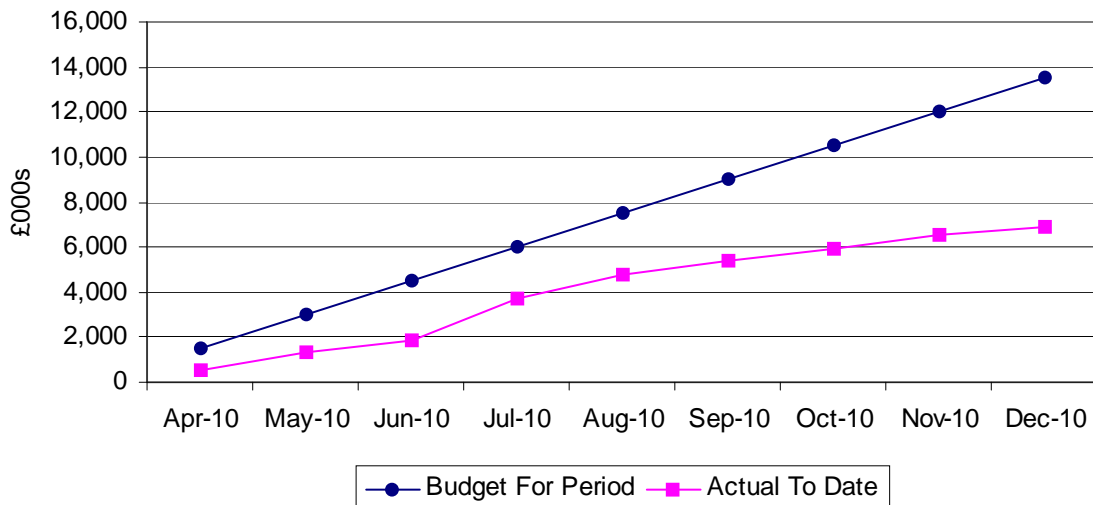
**Culmulative Monthly 2011/12 - Planning**



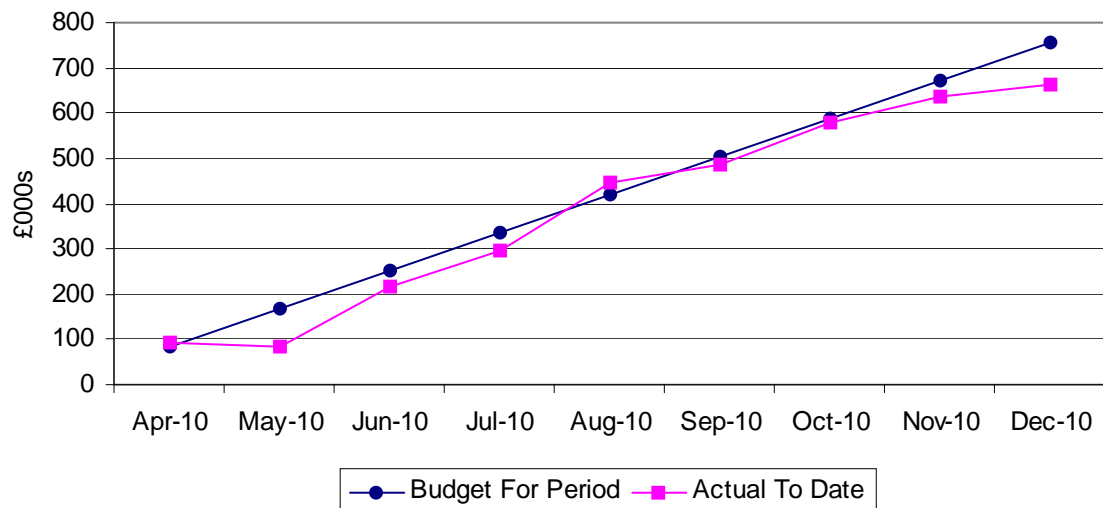
**Culmulative Monthly 2011/12 - Procurement, Systems, Democracy**



**Culmulative Monthly 2011/12 - Property Services**



**Culmulative Monthly 2011/12 - Strategy & Programmes**



**Culmulative Monthly 2011/12 Norwich City Council (Revenue)**

