

## **Report for Information**

**Report to** Cabinet – 15 February 2012

**5**

**Report of** Head of Finance

**Subject** Revenue Budget Monitoring 2011/12

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### **Purpose**

To update Cabinet on the current financial position as at 30 November 2011.

### **Recommendations**

To note the current financial position as at 30 November 2011.

### **Financial Consequences**

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

### **Risk Assessment**

Financial risks are set out in paragraphs 14 and 15 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”.

### **Cabinet Member:**

Councillor Waters - Resources, performance and shared services

**Ward:** All

### **Contact Officers**

Barry Marshall, Head of Finance

01603 212556

Mark Smith, Finance Control Manager

01603 212561

### **Background Documents**

None

## Report

1. Council approved budgets for the 2011/12 financial year on 22 February 2011.
2. 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

3. 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>Approved Budget £000s</i>	<i>Restated Budget £000s</i>
Net Budget Requirement	21,570	21,570
Pooled Non-Domestic Rates		-9,360
Revenue Support Grant		-2,893
Council Tax precept		- 9,208
Collection Fund surplus		-109
<b>Total General Fund budget</b>	<b>21,570</b>	<b>0</b>

4. The General Fund reports show a forecast underspend of **£0.318m**. Significant contributory factors include:

<i>Service</i>	<i>Forecast Variance £000s</i>	<i>Comment</i>
Communications & Culture	-253	£114k Culture & events, £44k Sports & Leisure, £63k Tourism, £40k Grants
Other Chief Executive's departments	-85	Various operational over/underspends
Customer Contact	-226	Staffing savings
Procurement & Service Improvement	-130	Members expenses & committee secretariat savings
Corporate Management	779	In-year savings target offset by staffing savings

<i>Service</i>	<i>Forecast Variance £000s</i>	<i>Comment</i>
Other Corporate Resources	-44	Various other operational over/underspends
City Development	414	£210k Highways overspending, £180k reduction in property rent income
Neighbourhood Housing	-279	£125k Homelessness underspend, £112k non-HRA properties savings
Neighbourhood Services	-243	£41k Financial Inclusion underspends, £175k Neighbourhood teams underspends
Property Services	439	Reduced technical staff recharges offset by reductions in client expenditure
Other Regeneration & Development	-9	Various operational over/underspends
<b>Subtotal operational budgets</b>	<b>364</b>	
Corporate Finance	-682	New Homes Bonus grant unbudgeted
<b>Subtotal non-operational</b>	<b>-682</b>	
<b>TOTAL OVER/UNDERSPEND</b>	<b>-318</b>	

- The above presentation shows that only a small part of the overall underspend relates to services' operational budgets; the larger portion is due to the receipt of the New Homes Bonus which has not been built into the budget since it had not been confirmed at the time of budget-setting.
- 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**

- To improve the clarity of the Housing Revenue Account budget presentation, the budget has been restated to include the contribution of the budgeted surplus to the HRA Balance, so that the net budget totals zero:

<i>Service</i>	<i>Approved Budget £000s</i>	<i>Restated Budget £000s</i>
Gross HRA Budgets	-1,091	-1,091
Contribution to HRA Balance		1,091
<b>Total net HRA budget</b>	<b>-1,091</b>	<b>0</b>

- The Housing Revenue Account reports show a forecast underspend of **£2.808m**. Significant contributory factors include:

<i>Service</i>	<i>Forecast Variance £000s</i>	<i>Comment</i>
Sheltered Housing	- 321	Utilities & snow clearance costs savings
Community Alarm	- 122	Call system & alarm maintenance savings
Contingency & Training	- 199	Contingency & training budgets unspent
Estates Management	- 684	Contract, utility & car park savings
Rents	- 178	Increased income net of service charges
General premises	- 436	Water rates & other savings
Contribution to Capital	- 333	Reduction in contribution to capital spend
Other HRA	- 535	Miscellaneous over- & underspends
<b>TOTAL OVER/UNDERSPEND</b>	<b>- 2,808</b>	

9. Actual income and expenditure for the year to date is behind schedule owing to early receipt of government grant, the ongoing impact of year-end accruals, and delays in paying and allocating contractor expenditure.

## Risks

10. The budgets approved by Council on 22 February 2011 were drawn up in the light of the reduced resources announced by the coalition government. There are risks to the current and medium term financial position from:
- Reductions in government grant – the budget includes Transitional Grant and Local Services Support Grant which will disappear or reduce in the future.
  - Changes in policy – if further “empowerment” of local authorities is not matched by devolved resources
  - Delivery of savings – the budget incorporates both savings measures already in place, and those planned for implementation during the year. If these savings are not achievable in full, overspends will result. These will be mitigated through provision made in the corporate contingency.
  - Identification of further savings – work is continuing on developing proposals for additional savings to bridge the medium-term budget gap. If these proposals fall short, or are not implemented fully and in a timely manner, further budget shortfalls will result.
11. The forecast outturns are estimates based on management assessments, formulae, and extrapolation. They may not adequately take account of variables such as:
- Contractor-related issues – amounts due to and from the council in respect of the administration of the former housing repairs contractor have still to be finalised. Costs arising from further contractor defaults are uncertain.
  - 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 may be reflected in higher Provisions for Bad Debt.

- Changes in Accounting Standards – the movement to 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.
- 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

12. Overall levels of underspend will have an ongoing impact on the budget for following years and the size and urgency of savings requirements.
13. Net overspends and underspends will be consolidated into the General Fund and Housing Revenue Account balances carried forward to 2012/13.

## Impact on Balances

14. The prudent minimum level of General Fund reserves has been assessed as £3.002m. The forecast position, updated to reflect the unaudited 2010/11 outturn, is as follows:

<i>Item</i>	<i>£000s</i>
Budgeted balance at 1 April 2011	(4,200)
Impact of unaudited 2010/11 outturn	(1,454)
= Unaudited balance at 1 April 2011	(5,654)
Budgeted use of balances 2011/12	1,014
Budgeted contribution to balances 2011/12	0
Forecast Over/(Under)spend 2011/12	(318)
= Forecast balance at 31 March 2012	(4,958)

15. The prudent minimum level of HRA reserves has been assessed as £2.602m. The forecast position, updated to reflect the audited 2010/11 outturn, is as follows:

<i>Item</i>	<i>£000s</i>
Budgeted balance at 1 April 2011	(9,990)
Impact of unaudited 2010/11 outturn	(3,500)
= Unaudited balance at 1 April 2011	(13,490)
Budgeted use of balances 2011/12	0
Budgeted contribution to balances 2011/12	(1,091)
Forecast Over/(Under)spend 2011/12	(2,808)
= Forecast balance at 31 March 2012	(17,389)

**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>							
48,542	0	Chief Executive	147,944	133,637	(14,307)	(14,397)	(14,397)
2,834,156	2,787,196	Communications & Culture	1,739,735	1,530,734	(209,001)	2,533,862	(253,334)
175,153	166,903	Strategy & Programme Management	278,328	110,821	(167,507)	96,114	(70,789)
<b>3,057,851</b>	<b>2,954,099</b>	<b>Total Chief Executive</b>	<b>2,166,007</b>	<b>1,775,192</b>	<b>(390,815)</b>	<b>2,615,578</b>	<b>(338,521)</b>
<b>Corporate Resources</b>							
44,376	0	Corporate Resources	87,016	79,667	(7,349)	(3,543)	(3,543)
746,219	(153,080)	Customer Contact	1,979,748	1,679,087	(300,661)	(378,605)	(225,525)
(19,847,916)	(20,148,973)	Finance	(24,039,414)	(26,175,780)	(2,136,366)	(20,099,237)	49,736
(529,328)	2,882	HR & Learning	1,641,696	2,854,836	1,213,140	85,945	83,063
(33,873)	40	Legal & Democratic Services	380,488	242,506	(137,982)	(76,611)	(76,651)
(46,639)	259,892	Procurement & Service Improvement	5,000,908	4,646,873	(354,035)	130,384	(129,508)
<b>(19,667,161)</b>	<b>(20,039,239)</b>	<b>Total Corporate Resources</b>	<b>(14,949,558)</b>	<b>(16,672,811)</b>	<b>(1,723,253)</b>	<b>(20,341,667)</b>	<b>(302,428)</b>
<b>Regeneration &amp; Development</b>							
251,108	(35,769)	City Development	(2,791,661)	(3,991,042)	(1,199,381)	378,421	414,190
9,611,840	9,697,116	Citywide Services	4,724,093	5,106,212	382,119	9,736,626	39,510
28,344	0	Director of Regeneration & Development	93,064	81,843	(11,221)	(9,246)	(9,246)
2,419,763	2,974,523	Neighbourhood Housing	799,099	503,648	(295,451)	2,696,004	(278,519)
2,437,831	2,632,561	Neighbourhood Services	1,295,721	934,381	(361,340)	2,389,743	(242,818)
1,879,218	1,843,718	Planning	637,642	509,479	(128,163)	1,804,583	(39,135)
(18,794)	(27,009)	Property Services	1,442,424	1,027,679	(414,745)	411,771	438,780
<b>16,609,310</b>	<b>17,085,140</b>	<b>Total Regeneration &amp; Development</b>	<b>6,200,382</b>	<b>4,172,201</b>	<b>(2,028,181)</b>	<b>17,407,901</b>	<b>322,761</b>
<b>0</b>	<b>0</b>	<b>Total General Fund</b>	<b>(6,583,169)</b>	<b>(10,725,418)</b>	<b>(4,142,249)</b>	<b>(318,188)</b>	<b>(318,188)</b>

**GENERAL FUND SUBJECTIVE SUMMARY**

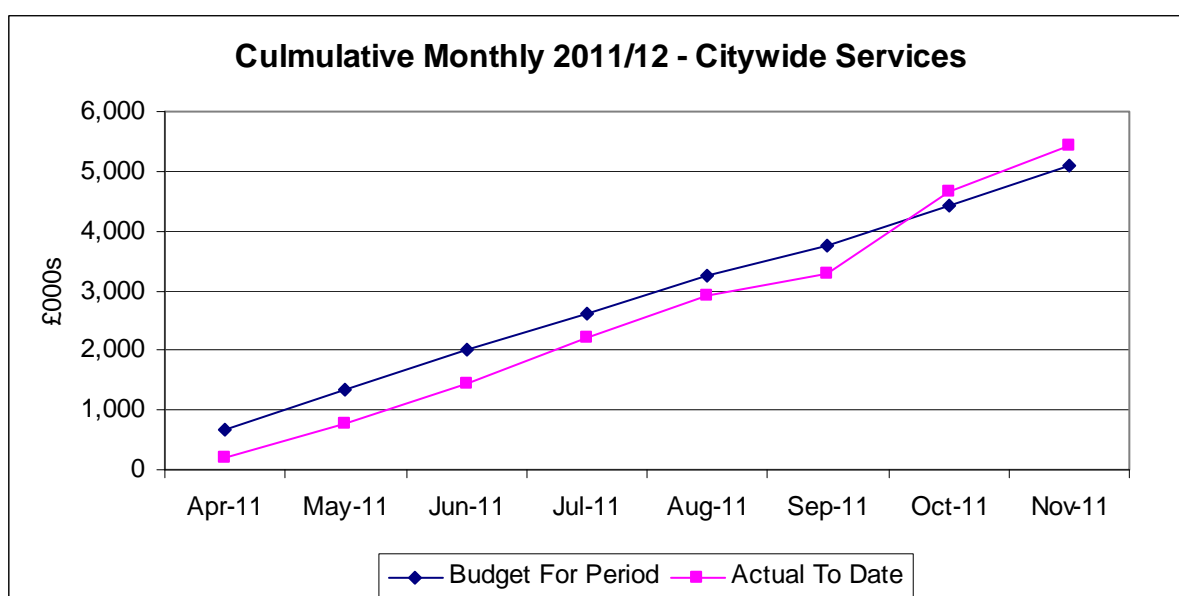
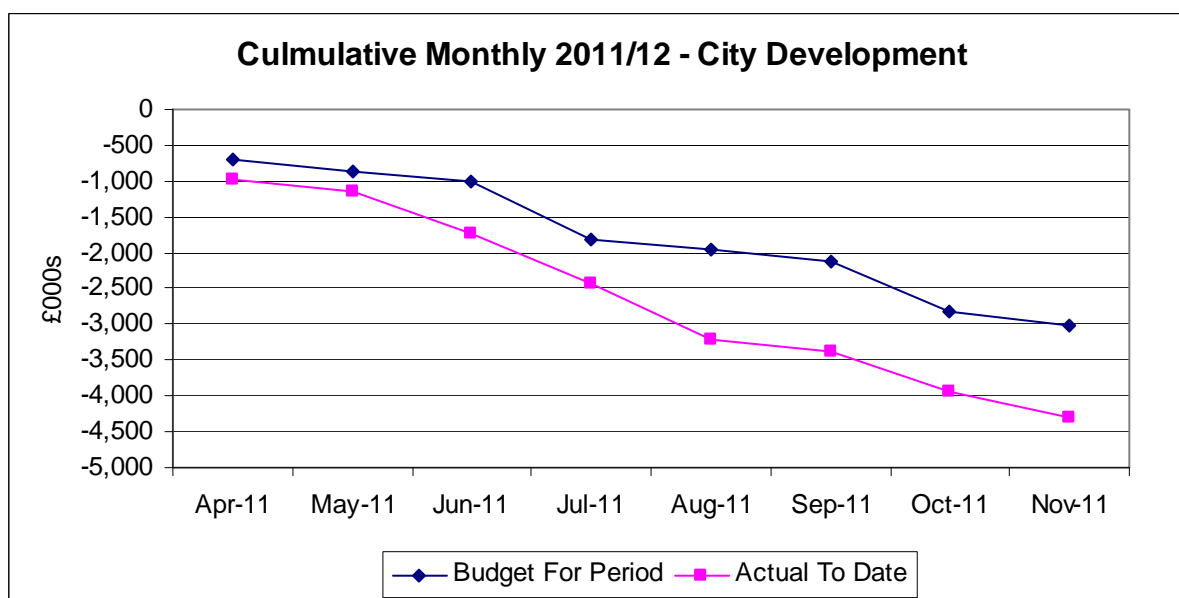
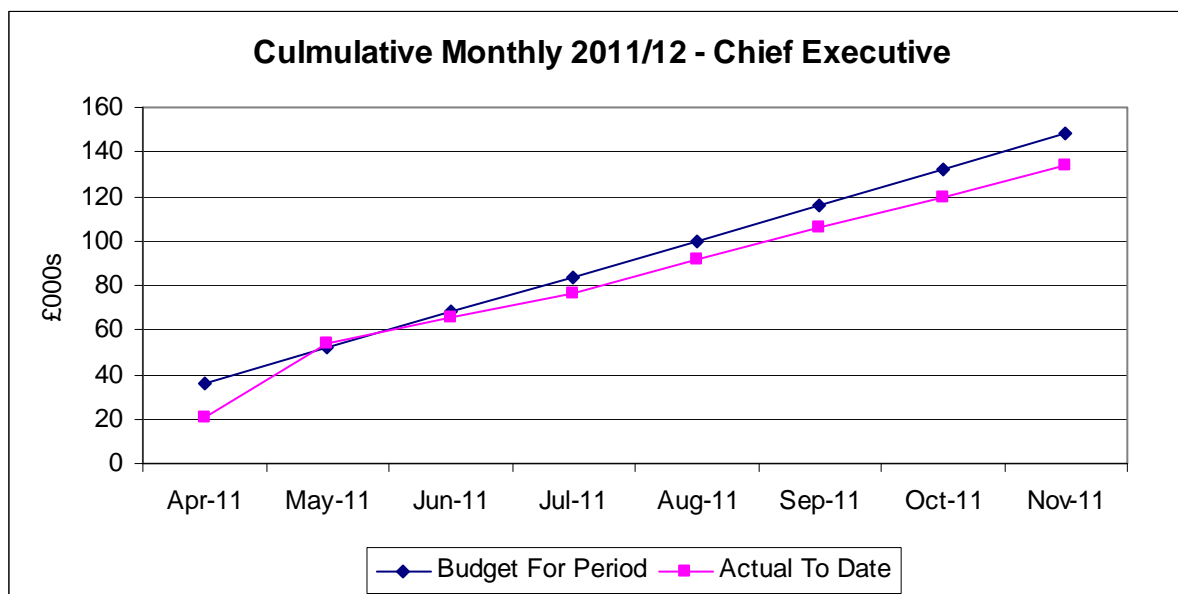
<i>Approved Budget</i>	<i>Current Budget</i>		<i>Budget To Date</i>	<i>Actual To Date</i>	<i>Variance To Date</i>	<i>Forecast Outturn</i>	<i>Forecast Variance</i>
20,471,403	20,586,156	Employees	13,620,630	13,749,711	129,081	20,746,430	160,274
7,601,802	7,698,039	Premises	5,283,648	5,173,744	(109,904)	8,444,359	746,320
300,483	300,903	Transport	193,487	100,628	(92,859)	181,675	(119,228)
19,237,041	19,294,262	Supplies & Services	12,859,057	11,613,763	(1,245,294)	18,232,556	(1,061,706)
451,300	453,989	Third Party Payments	306,820	251,732	(55,088)	559,442	105,453
64,131,295	64,131,295	Transfer Payments	29,816,029	33,802,119	3,986,090	65,616,359	1,485,064
3,194,510	2,877,981	Capital Charges	4,429,970	3,323,354	(1,106,616)	2,887,471	9,490
(20,495,360)	(20,780,449)	Receipts	(14,288,365)	(14,191,652)	96,713	(20,833,610)	(53,161)
(90,061,370)	(90,187,230)	Government Grants	(60,383,585)	(65,360,082)	(4,976,497)	(92,600,786)	(2,413,556)
1,447,897	1,447,897	Centrally Managed	1,341,672	689,951	(651,721)	1,437,645	(10,252)
25,819,083	24,321,181	Recharge Expenditure	1,308,632	1,296,078	(12,554)	24,156,017	(165,164)
(32,098,084)	(30,144,024)	Recharge Income	(1,071,164)	(1,174,764)	(103,600)	(29,145,746)	998,278
<b>0</b>	<b>0</b>	<b>Total General Fund</b>	<b>(6,583,169)</b>	<b>(10,725,418)</b>	<b>(4,142,249)</b>	<b>(318,188)</b>	<b>(318,188)</b>

**HOUSING REVENUE ACCOUNT STATUTORY SUMMARY**

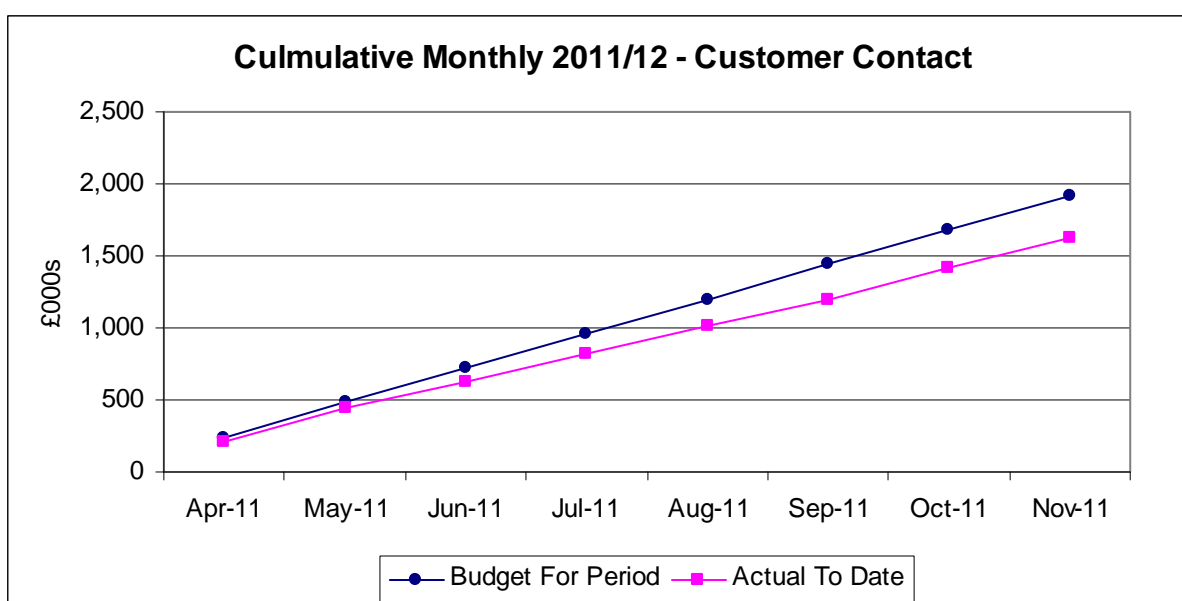
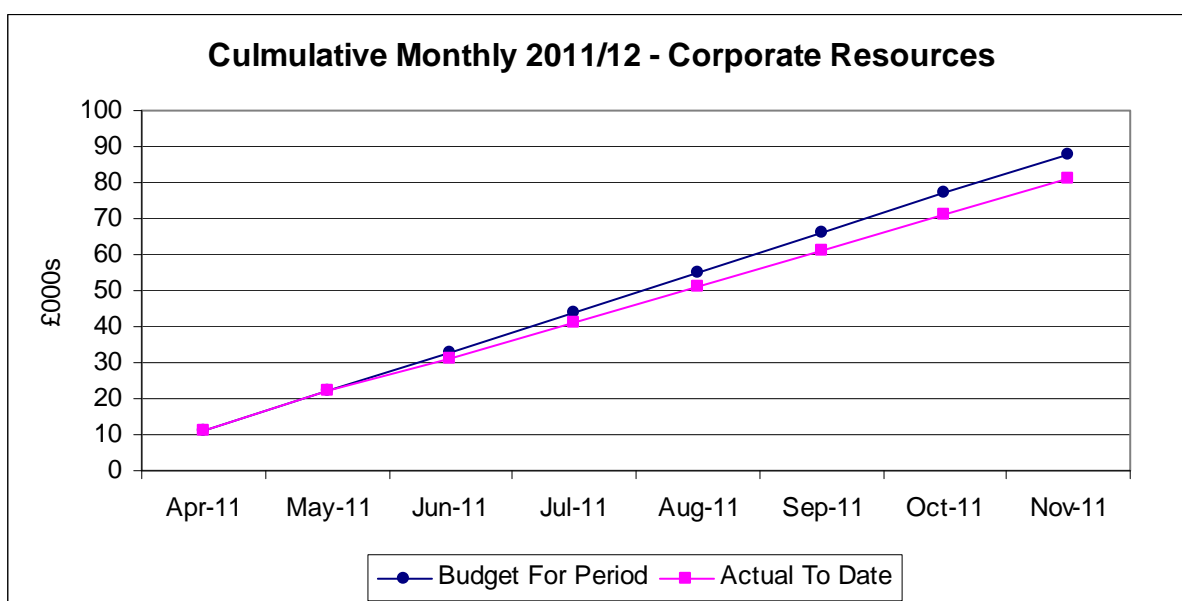
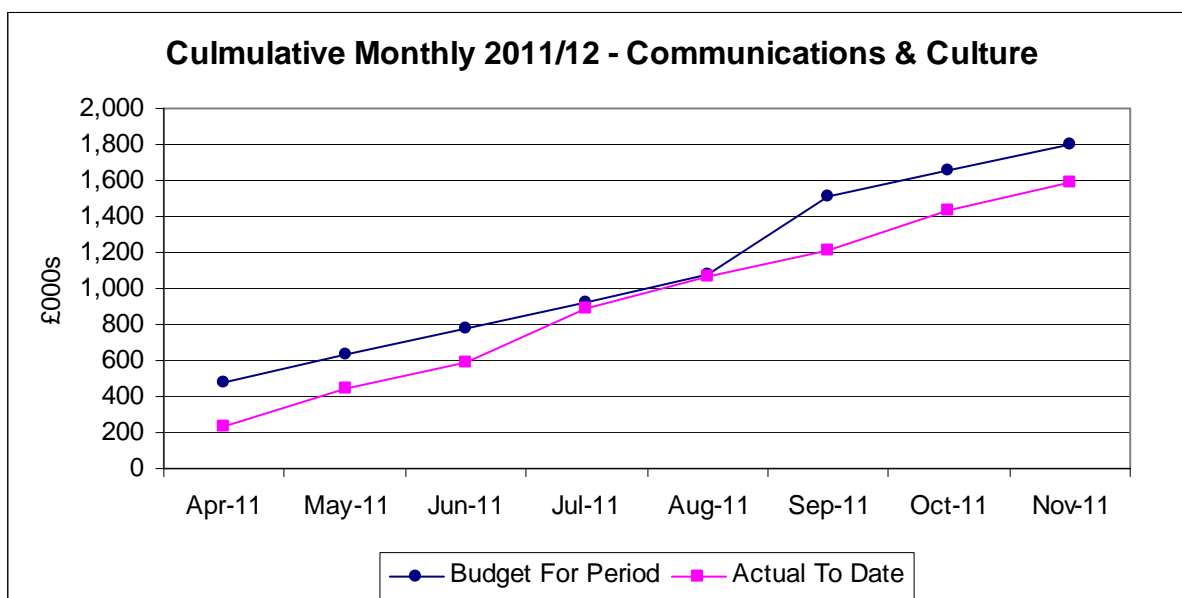
<i>Approved Budget</i>	<i>Current Budget</i>		<i>Budget To Date</i>	<i>Actual To Date</i>	<i>Variance To Date</i>	<i>Forecast Outturn</i>	<i>Forecast Variance</i>
13,321,921	11,827,161	Repairs & Maintenance	7,616,357	3,293,604	(4,322,753)	11,702,318	(124,843)
6,175,847	6,175,847	Rents, Rates, & Other Property Costs	6,096,686	5,678,843	(417,843)	5,740,206	(435,641)
9,635,346	10,298,837	General Management	4,344,889	3,535,726	(809,163)	9,818,484	(480,353)
5,841,691	6,356,421	Special Services	3,422,477	2,435,705	(986,772)	5,155,398	(1,201,023)
14,600,640	14,600,640	Depreciation & Impairment	2,368,328	0	(2,368,328)	14,600,640	0
205,000	205,000	Provision for Bad Debts	143,500	114,878	(28,622)	220,919	15,919
(52,048,674)	(52,048,674)	Dwelling Rents	(36,434,071)	(36,741,060)	(306,989)	(52,487,228)	(438,554)
(2,298,601)	(2,298,601)	Garage & Other Property Rents	(1,673,208)	(1,657,175)	16,033	(2,336,710)	(38,109)
8,058,200	8,058,200	Housing Subsidy	5,640,740	5,634,619	(6,121)	8,056,291	(1,909)
(9,518,994)	(9,518,994)	Service Charges - General	(6,632,272)	(6,582,952)	49,320	(9,231,740)	287,254
(175)	(175)	Miscellaneous Income	(120)	(34,470)	(34,350)	(49,247)	(49,072)
6,640,469	6,957,008	Adjustments & Financing Items	0	(16,823)	(16,823)	6,615,234	(341,774)
(499,430)	(499,430)	Amenities shared by whole community	0	0	0	(499,430)	0
(113,240)	(113,240)	Interest Received	(75,496)	0	75,496	(113,240)	0
<b>0</b>	<b>0</b>	<b>Total Housing Revenue Account</b>	<b>(15,182,190)</b>	<b>(24,339,105)</b>	<b>(9,156,915)</b>	<b>(2,808,104)</b>	<b>(2,808,104)</b>

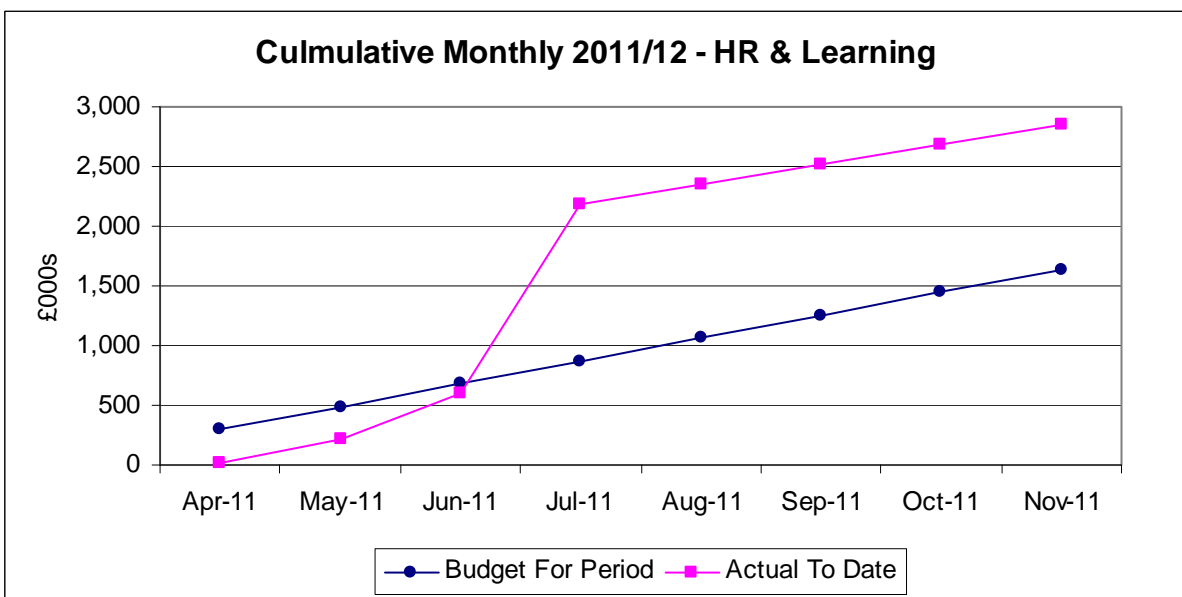
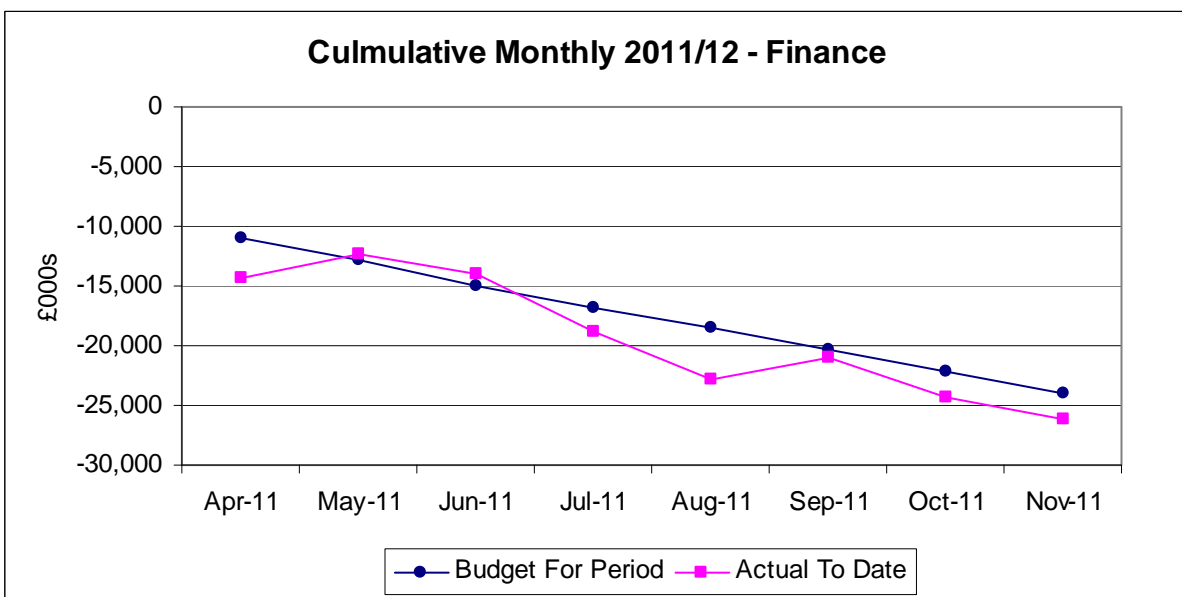
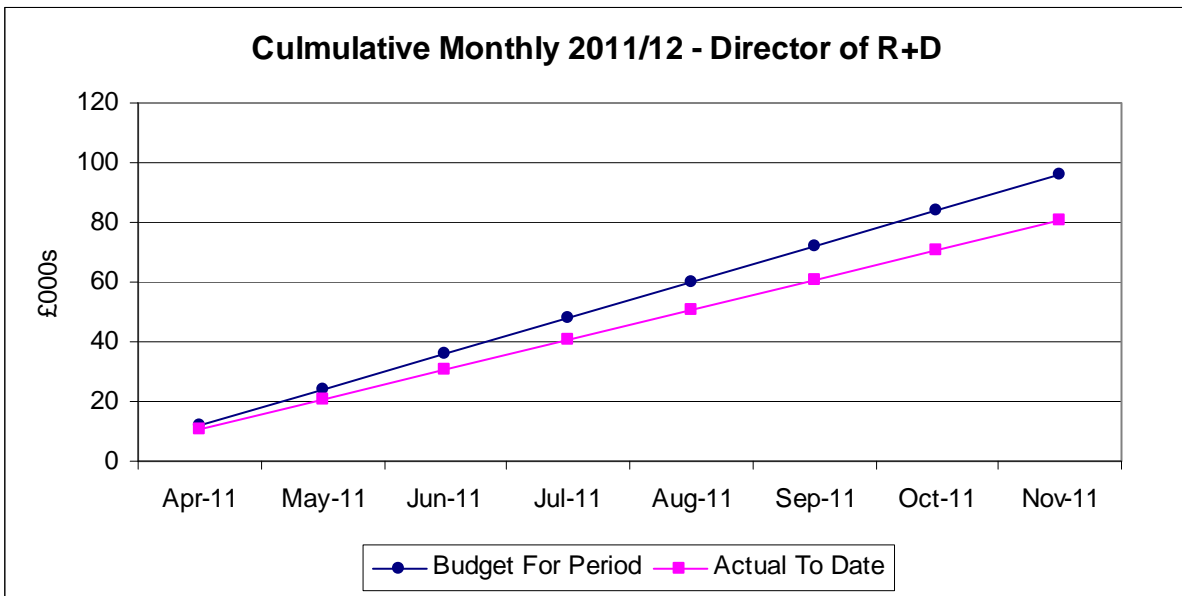
**HOUSING REVENUE ACCOUNT SUBJECTIVE SUMMARY**

<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>
7,283,050	7,566,141	Employees	4,787,178	4,465,485	(321,693)	7,432,755	(133,386)
20,948,352	20,912,652	Premises	16,231,041	10,667,642	(5,563,399)	19,666,865	(1,245,787)
164,295	166,945	Transport	111,040	97,632	(13,408)	137,232	(29,713)
3,178,641	3,505,646	Supplies & Services	1,401,362	832,547	(568,815)	3,057,365	(448,281)
26,400	26,400	Third Party Payments	18,480	16,849	(1,631)	24,070	(2,330)
0	0	Transfer Payments	0	65,969	65,969	98,954	98,954
7,347,463	5,119,404	Recharge Expenditure	12,664	16,312	3,648	4,888,638	(230,766)
16,204,609	16,521,148	Capital Charges	2,368,328	0	(2,368,328)	16,204,609	(316,539)
(65,103,304)	(65,024,504)	Receipts	(45,589,207)	(45,936,954)	(347,747)	(65,524,122)	(499,618)
8,058,200	7,812,474	Government Grants	5,476,924	5,435,492	(41,432)	7,797,524	(14,950)
(3,145,706)	(1,644,306)	Recharge Income	0	(79)	(79)	(1,629,994)	14,312
5,038,000	5,038,000	Rev Contribs to Capital	0	0	0	5,038,000	0
<b>0</b>	<b>0</b>	<b>Total Housing Revenue Account</b>	<b>(15,182,190)</b>	<b>(24,339,105)</b>	<b>(9,156,915)</b>	<b>(2,808,104)</b>	<b>(2,808,104)</b>

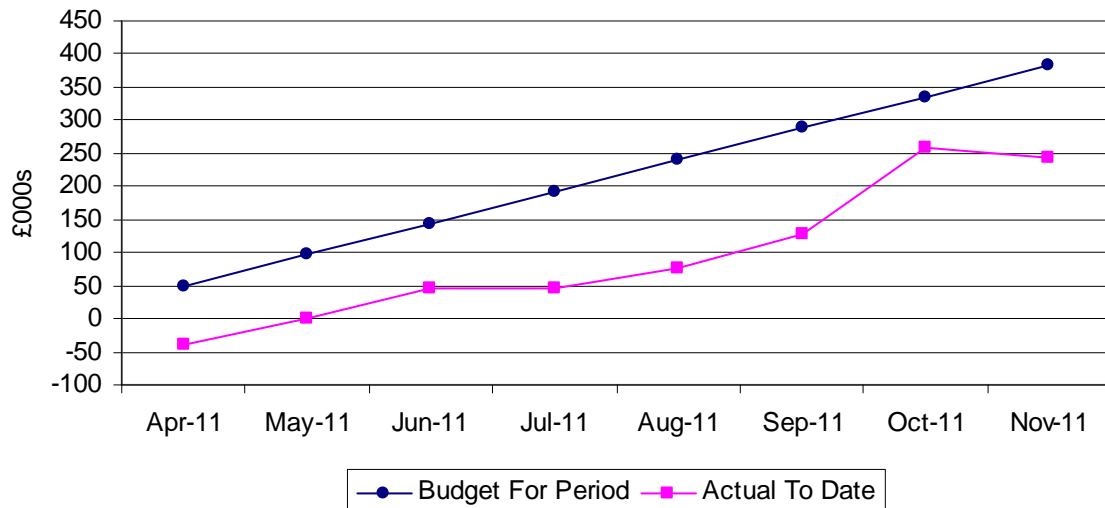




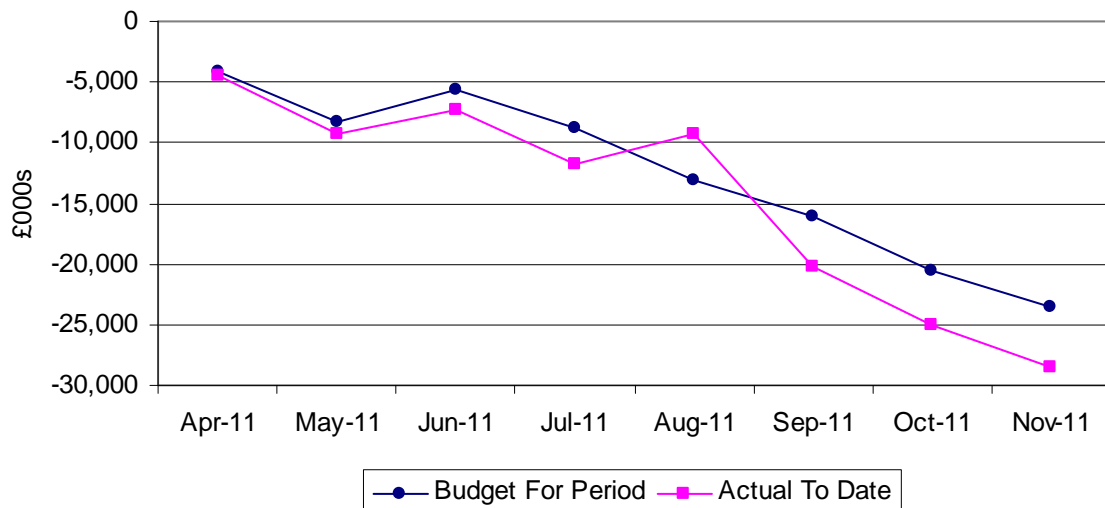




### Culmulative Monthly 2011/12 - Legal Services



### Culmulative Monthly 2011/12 - Neighbourhood Housing



### Culmulative Monthly 2011/12 - Neighbourhood Services

