

## REVENUE BUDGET – BUDGET MONITORING REPORT

**EXECUTIVE MEMBER:** Cllr A Holliday, Deputy Leader  
**LEAD OFFICER:** Julie Crellin, Head of Finance and Management  
Information Systems  
**REPORT AUTHOR:** Alison Clark, Accountancy Services Manager

### Summary and Recommendation:

The report provides the Executive with an indicative forecast outturn position at the year-end at 31<sup>st</sup> March 2009.

### Recommendation

- a. That Members note the Revised Revenue Budget of £13,611,458 to reflect adjustments of transfers from reserves along with the correction of the treatment of £500,000 budget relating to Renovation Grants - this is more properly considered a capital programme item, but this is subject to confirmation when the 2006/07 and 2007/08 audit is complete.
- b. That Members note the estimate forecast budget position at the year-end of a net under spend of £1,139,941 against the revised Revenue Budget of £13,611,458. This consists of three elements: (1) £207,000 of underspend required to meet commitments which will fall due in 2009/10; (2) £393,453 of the underspend relates to activities supported by earmarked reserves and will be required in 2009/10; and (3) £539,488 of underspendings which are uncommitted and can be returned to revenue balances at year end. The uncommitted underspends relate to Customer Services and Finance and MIS (paragraphs 2.7 and 2.8). This forecast will be subject to adjustment as the year proceeds, to reflect the context in which the services are operating.

## 1. INTRODUCTION

- 1.1 The purpose of this report is to provide a revenue budget forecast of the position at the year end, based on the actual position at 30<sup>th</sup> November and managers' current projections in mid - January.

- 1.2 The forecast at the year-end is of a net expenditure position of £12,472k compared to a revised budget of £13,611k. This would result in a net under spend across all services of £1,140k, a proportion of which will be committed. Executive will recall that the original net Revenue Budget approved by Council in February 08 was updated in November 08 to reflect the agreed funding from earmarked reserves to fund specific activities, this report again updates the use of funding from earmarked reserves.
- 1.3 The report outlines the significant variances against the Revenue Budget in paragraphs 2.7 to 2.14.
- 1.4 The monitoring report has been prepared by the Accountancy section, working with budget managers. The backlog of work resulting from staffing vacancies (now filled) and Accounts closure 2006/07 and 2007/09 have impacted upon the availability of the team to assist budget managers, but the dialogue is continuing to develop and improve as the year proceeds.

## **2. BUDGET MONITORING FORECAST AT 31<sup>ST</sup> MARCH 2009**

- 2.1 Budget monitoring is a live and an on-going process. Budget managers receive monitoring reports each month, and working with Accountancy, provide forecasts as to the likely position at the year-end. Forecasts are updated as the actual position is confirmed, and assumptions regarding the remainder of the year are revised in line with experience and new information, where appropriate as part of a dynamic process.
- 2.2 The Original Net Revenue Budget agreed at Council in February 2008 was £13,974k. This has been revised to reflect the drawing down of earmarked reserves since 1<sup>st</sup> April 2008 for specific purposes, totalling £137k, including £100k relating to involvement of Deloitte in the production of the 2007/08 accounts, and reduced by £500k as a result of the (provisional) transfer of the Renovation Grants to Capital. This is subject to the completion of the audit of Accounts 2006/07 and 2007/08. The Revised Net Revenue Budget for 2008/09 is therefore, £13,611k.
- 2.3 The Executive received a report at its November meeting which considered the actual position and year end projections at the end of the second quarter (month 6). The forecast to at the year end indicated an underspending of £47k (0.3%) against the full year budget. This has been revised, as would be anticipated, during the third quarter.
- 2.4 Current projections indicate a year-end position of £12,472k, compared to the Revised Budget of £13,611k, resulting in a forecast underspend of £1,140k, a proportion of which is committed. This amounts to a significant net increase in underspend compared to the Quarter Two forecast.

- 2.5 Appendix A summarises the budget position by main service heading at 30<sup>th</sup> November 2008 and the forecast at the year-end. Members will note the revised and extended format, showing the budget, actual and projections in relation to gross expenditure and income. This represents a step-change in budget management and should result in better resource management as the relationship between income and expenditure in delivering and enabling services to achieve corporate objectives will be more clearly apparent.
- 2.6 The main areas of budget variance are as follows:-
- 2.7 Customer Services – the forecast net under spend of £241k relates to a number of variances. The key causes being; staff vacancies, expected costs stemming from the introduction of Allpay cash collection not fully coming to fruition due to staffing natural wastage and, the prudent estimate of net Housing Benefit Subsidy income and expenditure in the 2008/09 base budget - actual net activity indicates a net underspend at year end, this has been reflected in the budget discussions for 2009/10. This will provide an addition to reserves at the year end.
- 2.8 Finance and Management Information Systems – the forecast position at year end is an underspend of £365k. Key variances contributing towards this are; (i) a forecast underspend in relation to Concessionary Fares of £190k, based on actual usage to 30<sup>th</sup> November and forecast to the year end. (2) Interest from Treasury Management income being greater than budgeted target income (£135k). A number of investments were secured prior to 31<sup>st</sup> March 2008 at a rate higher than budget assumptions. This has generated a windfall and will benefit reserves at the year end. (3) A forecast underspend of £27k against Management Information Systems due to vacancies. £100k of reserves has been utilised to match the cost of engaging Deloitte to support the closure of Accounts 2007/08.
- 2.9 Legal and Democratic Services – the net forecast overspending of £61k in the main relates to a decline income from housing searches, reflecting the down turn in the housing market, offset by a number of underspends across a range of other budget lines. It is anticipated that a commitment of £20k will be requested to be carried forward in relation to the electronic signature checking system.
- 2.10 Leisure and Environmental Services – the forecast underspending of £45k is due to the net effect of a number of under and overspends. The key underspends are; additional income from Enforcement (approx £15k), and an underspending of around £65k in relation to staffing and an overspending of £26k within Waste Services due to fuel price increases combined with increased costs arising from the change in refuse staff working arrangements. £18k is forecast to be drawn down from reserves in respect of Arts Development ongoing schemes.

- 2.11 Policy and Performance – An underspending of £260k is forecast in relation to Policy and Performance. This is primarily due to underspending against the Corporate Development training budget (£127k) due to programme slippage. A request for carry forward of this underspend is expected as it is intended that the programme will be completed in 2009/10. An underspend of £60k is forecast in relation to Job Evaluation costs which will not be incurred in 2008/09, this is also listed as a forecast commitment. In addition, budget provision of approx. £50k for external consultants to assist with Job Evaluation has not been utilised.
- 2.12 Regeneration is currently forecast to be underspent by £286k at year end. The key variances are as follows; Housing strategy is forecast to underspend by £80k in relation to use of consultants, but this is required to be carried forward to 2009/10 to meet commitments. The Regeneration Delivery Plan, agreed at Executive in August, set out an expectation of spend against the £770k budget, however, locality working arrangements will not be operational by 31<sup>st</sup> March and consequently, this budget is forecast to under spend by £311k. However, resources are required as the profile of spend effectively shifts to future years and again this underspend will be required to be earmarked and carried forward.
- 2.13 It is important that active budget monitoring is undertaken at least every month, and significant variations are reported through Corporate Team and Executive, so that timely corrective action can be taken. Robust, responsive budget monitoring is a key tool to support the management of the organisation.

### **3. FINANCIAL AND HUMAN RESOURCES IMPLICATIONS (INCLUDING SOURCES OF FINANCE)**

- 3.1 The financial implication is a projected underspend of £1,140k (8.4%) against the revised revenue budget. Of this underspend, it is anticipated that £600k (52.7%) will be committed in 2009/10 (see Appendix B).
- 3.2 The financial implications of the slow-down in the economy, in particular, the budgetary implication of the recent reductions in the bank interest base rate, have been considered in the preparation of the 2009/10 budget.

### **4. IMPACT ON CORPORATE PLAN**

- 4.1 The budget and monitoring process is fully integrated into the planning process of the Council embracing all objectives of the Council.

### **List of Appendices**

**Appendix A – Summary Budget Monitoring Position at 30<sup>th</sup> November 2008  
(Period 8 plus projection to the year-end)**

**Appendix B – Summary of expected commitments of 2008/09 underspends  
in 2009/10**

**List of Background Documents: None**

**List of Consultees: Corporate Team**

**CHECKLIST FOR DEALING WITH KEY ISSUES**

Please confirm against the issue if the key issues below have been addressed.  
This can be by either a short narrative or quoting the paragraph number in the  
report in which it has been covered.

Impact on Crime and Disorder	None
Impact on Sustainability	None
Impact on Rural Proofing	None
Health and Safety Implications	None
Impact on Equality and Diversity Issues	None
Children and Young Persons Implications	None
Human Rights Act Implications	None
Monitoring Officer comments	No comments
S. 151 Officer comments	Expenditure and income need to be continually monitored against budget to ensure compliance with the Medium Term Financial Strategy and forecasts to the year end subject to continual revision and review.

Is this a Key Decision?      No

Summary Budget Monitoring 2008/09 - Forecast at 31st March 2009

DESCRIPTION	ORIGINAL GROSS & NET BUDGET 2008/09			Adjustments to budget during year 2008/09			NET BUDGET			Gross Expenditure			Grant Income					
	GROSS BUDGET	OTHER GRANT INCOME	INTERNAL INCOME	Transfers from Reserves	Corporate Virements	Inter-Department Virements	Total Adjustments	NET BUDGET	Actual to Date (30th Nov 08)	Budget to Date	Annual Forecast	Annual Budget	Actual to Date (30th Nov 08)	Budget to Date	Annual Forecast	Annual Budget		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
<b>Chief Executives</b>	1,079,807	-	-	-	7,000	-	7,000	1,086,807	611,818	724,538	1,083,857	1,086,807	-	-	-	-	-	
<b>Customer Services</b>	618,070	-	-	-	-	-	618,070	327,017	412,047	534,455	618,070	-	-	-	-	-	-	
Customer Services	22,307,583	(16,261,673)	(5,896,858)	-	-	-	149,052	10,871,409	14,871,722	21,887,339	22,307,583	-	-	-	-	-	-	
Revenues & Benefits	22,925,653	(16,261,673)	(5,896,858)	-	-	-	767,122	11,298,426	15,283,769	22,421,784	22,925,653	-	-	-	-	-	-	
<b>Finance &amp; MIS</b>	2,251,000	(208,000)	(1,763,820)	-	104,760	-	104,760	383,970	1,092,682	1,577,193	2,236,347	2,365,760	(1,04,231)	(138,667)	(263,052)	(208,000)	-	
Accountancy Services	237,228	(24,357)	-	-	-	-	212,871	147,247	158,152	235,628	237,228	-	-	-	-	-	-	-
Audit & Fraud Prevention	647,823	-	-	-	-	-	647,823	340,479	431,892	620,158	647,823	-	-	-	-	-	-	-
Management Information Systems	3,146,951	(232,857)	(1,763,820)	-	(104,760)	-	1,254,864	1,850,618	2,167,227	3,081,133	3,280,841	-	-	-	-	-	-	-
<b>Legal &amp; Democratic Services</b>	390,303	-	-	-	-	-	390,303	236,213	260,202	364,376	390,303	-	-	-	-	-	-	-
Democratic Services	84,190	-	-	-	-	-	84,190	26,329	56,127	75,689	84,190	-	-	-	-	-	-	-
Elections	20,114	-	-	-	-	-	20,114	8,676	13,439	16,484	20,114	-	-	-	-	-	-	-
Peace Time Emergency Planning	50,558	-	-	-	-	-	50,558	28,735	37,705	56,370	50,558	-	-	-	-	-	-	-
Land Charges	581,781	(181,021)	(107)	-	-	-	447,673	447,673	387,685	606,370	581,781	-	-	-	-	-	-	-
Legal Services	16,121	(125,000)	(1,088,879)	-	-	-	(108,879)	7,346	10,747	16,327	16,121	-	-	-	-	-	-	-
Licensing	1,143,067	(306,128)	-	-	-	-	836,939	759,780	762,045	1,119,517	1,143,067	-	-	-	-	-	-	-
<b>Leisure &amp; Environmental Services</b>	1,118,573	(23,100)	-	18,000	-	-	1,113,473	716,452	757,715	1,292,200	1,136,573	(4,336)	-	-	(139,389)	-	-	
Cultural Services	278,984	(403,227)	-	-	-	-	(124,243)	240,266	185,989	350,487	278,984	-	-	-	-	-	-	-
Enforcement	629,876	-	(19,006)	-	-	-	611,867	360,704	419,917	603,445	629,876	-	-	-	-	3,750	-	
Environmental Health	267,378	-	-	-	-	-	267,378	135,916	178,252	221,211	267,378	-	-	-	-	-	-	-
Leisure & Environmental	1,586,922	-	(744,223)	-	-	-	851,699	1,254,574	1,084,615	1,733,772	1,586,922	-	-	-	-	(8,705)	-	
Open Spaces	2,828,950	-	(993,072)	-	-	-	1,845,878	2,381,524	1,685,727	2,945,736	2,828,950	-	-	-	-	(81,188)	-	
Waste Services	6,720,323	-	(2,172,871)	-	19,000	-	4,567,452	5,089,438	4,492,215	7,155,851	6,739,323	(4,336)	-	-	-	(325,513)	-	
<b>Policy &amp; Performance</b>	110,601	-	-	-	-	-	110,601	70,802	73,734	110,732	110,601	-	-	-	-	-	-	-
Communications	1,127,865	-	-	-	-	-	1,127,865	295,170	751,670	876,292	1,127,865	-	-	-	-	-	-	-
Human Resources	261,072	-	-	-	-	-	261,072	192,287	175,381	278,351	268,770	-	-	-	-	-	-	-
Policy & Performance	80,523	-	-	-	7,688	-	88,211	43,056	53,692	81,547	80,523	-	-	-	-	-	-	-
Process Improvement Team	1,579,865	-	-	-	7,688	-	1,587,553	901,315	1,054,367	1,327,022	1,587,549	-	-	-	-	-	-	-
<b>Regeneration</b>	1,825,358	(870,301)	(674,242)	-	-	-	280,815	1,075,842	1,216,995	1,770,736	1,825,358	(12,960)	(590,201)	-	(62,743)	(870,301)	-	
Admin Buildings	473,525	-	(92,612)	-	-	-	380,913	342,404	415,955	522,606	473,525	-	-	-	-	-	-	-
Beacon & TIC	317,983	-	(287,473)	-	-	-	30,510	182,704	211,722	306,007	317,983	-	-	-	-	(232)	-	
Building Control	140,267	-	(29,208)	-	-	-	111,059	124,326	93,511	161,861	140,267	-	-	-	-	(19,241)	-	
Community Renewal	1,018,464	-	(120,000)	-	-	-	898,464	683,576	678,596	1,008,130	1,018,464	-	-	-	-	(98,445)	-	
Economic Development	263,759	-	(264,978)	-	-	-	(1,219)	20,810	33,929	53,536	50,883	-	-	-	-	(5,982)	-	
Planning	365,828	-	(42,434)	-	-	-	323,394	148,461	175,639	262,570	263,759	-	-	-	-	-	-	
Property	399,674	(67,087)	(97,725)	-	-	-	234,862	141,366	266,448	357,961	399,674	-	-	-	-	16	-	
Public Buildings	201,595	(50,800)	(15,328)	-	-	-	135,767	91,695	134,663	240,463	201,595	-	-	-	-	(44,725)	(67,087)	
Regeneration Strategy	291	-	(2,200)	-	-	-	(1,909)	2,538	194	2,829	291	-	-	-	-	(43,886)	(50,800)	
Homelessness	32,100	-	(2,542)	-	-	-	29,558	4,786	21,400	17,017	32,100	-	-	-	-	-	-	
Housing Advances	715,860	-	-	-	-	-	715,860	85,451	143,907	150,111	715,860	-	-	-	-	-	-	
Housing Strategy	768,751	-	-	-	-	-	768,751	1,772	512,501	457,751	768,751	-	-	-	-	-	-	
Private Sector Housing Renewal	25,979	-	-	-	-	-	25,979	1,120,755	4,065,903	5,654,273	6,100,355	-	-	-	-	-	-	
Regeneration Delivery Plan (WNF)	6,000,355	(988,288)	(1,589,042)	-	(500,000)	-	3,513,025	3,120,755	4,065,903	5,654,273	6,100,355	(56,326)	(658,059)	(299,347)	(888,288)	-	-	
Procurement	43,194,837	(17,482,318)	(11,738,519)	-	(382,542)	-	13,611,468	25,062,150	28,551,065	41,845,447	42,832,285	(14,161,273)	(11,654,879)	(22,288,054)	(17,482,318)	-	-	

Summary Budget Monitoring 2

APPENDIX A

DESCRIPTION	Other Income			Net Expenditure			Annual Budget £'000	Revised Nat Budget £'000	Variance £'000
	Actual to Date (30th Nov 09) £'000	Budget to Date £'000	Annual Forecast £'000	Actual to Date (30th Nov 09) £'000	Budget to Date £'000	Annual Forecast £'000			
<b>Chief Executives</b>	-	-	-	611,818	724,538	1,083,857	1,086,807	1,086,807	(2,950)
<b>Customer Services</b>									
Customer Services Revenues & Benefits	(285,931)	(3,931,239)	(520,247)	(6,896,259)	-	-	-	-	(63,615)
	(285,931)	(3,931,239)	(520,247)	(6,896,259)	327,917	412,047	534,455	618,070	(157,745)
					(2,997,135)	511,415	525,762	767,122	(241,380)
<b>Finance &amp; MIS</b>									
Accountancy Services	(1,355,465)	(1,175,947)	(1,913,877)	(1,763,920)	(366,864)	292,690	56,618	393,870	(335,252)
Audit & Fraud Prevention	-	-	-	-	131,007	141,914	211,271	212,871	(1,600)
Management Information Systems	-	-	-	-	349,473	431,682	550,136	647,823	(87,687)
	(1,355,465)	(1,175,947)	(1,913,877)	(1,763,920)	104,682	836,376	809,047	1,254,564	(454,517)
<b>Legal &amp; Democratic Services</b>									
Democratic Services	52,375	-	(30)	-	236,213	280,202	364,376	390,303	(25,927)
Elections	-	-	(30)	-	78,704	56,127	75,629	84,190	(6,561)
Peace Time Emergency Planning	(54,203)	(120,661)	(61,304)	(161,021)	15,484	13,408	20,114	20,114	(4,500)
Land Charges	(450)	(71)	(107)	(107)	(27,488)	(68,675)	(42,934)	(130,463)	87,529
Legal Services	(87,279)	(83,333)	(130,895)	(125,000)	447,223	367,763	599,626	591,674	17,952
Licensing	(89,557)	(204,085)	(212,914)	(306,128)	(79,633)	(72,569)	(114,576)	(108,879)	(5,699)
	(119,747)	(15,400)	(313)	(23,100)	670,223	557,859	897,603	836,939	60,664
<b>Leisure &amp; Environmental Services</b>									
Cultural Services	(119,747)	(15,400)	(313)	(23,100)	592,389	742,315	1,152,516	1,113,473	39,045
Enforcement	(345,365)	(268,816)	(469,625)	(403,227)	(105,299)	(62,629)	(139,339)	(124,243)	(15,095)
Environmental Health	(1,090)	(12,006)	(8,739)	(19,009)	371,794	407,811	598,472	611,987	(13,595)
Leisure & Information	(517,654)	(406,815)	(680,068)	(746,223)	135,918	178,252	221,411	267,378	(46,167)
Open Spaces	(170,051)	(655,341)	(322,051)	(953,972)	836,940	587,799	844,599	851,699	(6,700)
Waste Services	(1,822,071)	(1,446,381)	(2,310,960)	(2,172,971)	1,531,329	1,230,393	1,942,456	1,845,578	(3,082)
	(1,822,071)	(1,446,381)	(2,310,960)	(2,172,971)	3,263,031	3,043,935	4,550,359	4,565,752	(46,394)
<b>Policy &amp; Performance</b>									
Communications	-	-	-	-	70,892	73,726	110,732	110,801	131
Human Resources	(41)	-	(41)	-	295,129	76,720	176,251	1,127,355	(251,104)
Policy & Performance	-	-	-	-	192,287	115,381	276,381	266,770	9,691
Process Improvement Team	(41)	-	(41)	-	43,056	53,869	65,871	60,323	(5,548)
	(41)	-	(41)	-	611,274	1,054,665	1,326,984	1,397,249	(260,268)
<b>Regeneration</b>									
Admin Buildings	(748,249)	(449,495)	(1,427,384)	(674,242)	327,393	167,210	343,352	280,815	65,537
Beacon & TIC	(104,621)	(61,741)	(103,916)	(92,612)	224,833	253,942	365,945	390,913	(14,989)
Building Control	(150,277)	(191,649)	(203,639)	(287,473)	42,424	20,973	105,136	30,110	75,026
Community Renewal	(20,633)	-	(20,633)	-	(15,329)	-	-	-	(15,329)
Economic Development	(14,884)	(19,472)	(16,809)	(29,208)	109,442	74,039	125,611	111,059	14,552
Regeneration H/A	(233,172)	(176,652)	(256,020)	(120,000)	589,031	598,968	919,595	898,494	15,091
Planning	(27,149)	(6,867)	(21,157)	(10,300)	(212,362)	(142,723)	(212,029)	(214,065)	2,056
Property	(72,161)	(28,289)	(72,307)	(45,434)	121,321	168,973	236,431	253,459	(18,028)
Public Buildings	(16,669)	(38,483)	(1,237)	(57,725)	127,732	215,585	236,221	323,392	(87,171)
Regeneration Strategy	(20)	(10,219)	(4,153)	(15,328)	122,357	163,241	301,614	274,862	26,752
Homelessness	1,450	(1,467)	(2,200)	(2,200)	47,789	90,511	174,235	135,767	38,468
Housing Services	-	-	-	-	2,538	(1,273)	629	(1,909)	2,538
Private Sector Housing Regeneration	-	-	-	-	6,238	21,400	18,467	32,100	(13,633)
Regeneration Delivery Plan (RNP)	-	-	-	-	1,772	17,319	45,751	768,751	(63,207)
Procurement	-	-	-	-	1,172	512,301	457,751	25,979	25,979
	(1,483,151)	(1,056,028)	(2,126,017)	(1,595,042)	1,580,068	2,342,017	3,226,969	3,513,025	(286,116)
	(5,036,216)	(7,825,670)	(7,065,876)	(11,238,519)	3,864,451	9,070,507	12,471,517	13,611,466	(1,139,945)

Summary of expected commitments of 2008/09 underspends in 2009/10

CORPORATE DEPARTMENT	Forecast (Under) / Over spending 2008/09	Underspending Relating to Commitments to be Funded in 2009/10	Underspending Relating to Earmarked Reserves - 2009/10 commitments	Forecast (surplus) / deficit to transfer to General Fund Balances (Reserves)	NOTES
	£	£	£	£	
Chief Executive:	(2,950)	-	-	(2,950)	No commitments
Customer Services:	(241,360)	-	-	(241,360)	No commitments
Finance and Management Information Systems:	(364,517)	-	-	(364,517)	No commitments
Legal & Democratic Services:	80,664	-	22,453	83,117	Electronic signature checking system. This budget was funded from earmarked reserves and expenditure will happen in 09/10.
Leisure & Environmental Services:	(45,394)	-	-	(45,394)	No commitments
Policy & Performance:	(260,268)	127,000	60,000	(73,268)	£127k - Corporate Training budget will be fully committed by the year end. This carry forward is based on initial estimate of actual expenditure at 31st March in comparison to budget. £80k - Job Evaluation. Reserve funded was identified during budget preparation 08/09 to meet the costs of implementation in 2008/09, related to estimates of pay protection etc. It is unlikely this budget will be utilised before the year end.
Regeneration:	(286,116)	80,000	311,000	104,884	£311k - Regeneration Delivery Plan. This budget is supported by use of earmarked reserves. The Executive agreed to the utilisation of the earmarked reserve, created as a result of Area Based Grant to fund this activity over a three year period 2008/09 - 2010/11 at its meeting of 12 August 2008. Actual expenditure on locality working is unlikely to occur before 31st March. The profile of spending will shift into later years. This budget underspend is required to fund the re-profiling. £80k - Housing Strategy team - staff training and the filling of vacant posts has meant that the expenditure on professional services has not been as great as was budgeted for, but some of the underspending will be required to meet committed external support.
<b>GRAND TOTAL:</b>	<b>(1,139,941)</b>	<b>207,000</b>	<b>393,453</b>	<b>(539,488)</b>	

Appendix B