

EXECUTIVE MEMBER: Cllr A Holliday
LEAD OFFICER: Julie Crellin, Head of Finance and Management
Information Systems
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Summary and Recommendation:

The report provides the Executive with the summary budget position for the Revenue Budget 2008/09 at 30th September 2008 (period 6) and a forecast outturn position at the year-end.

Recommendation

- a. That Members note the Revised Revenue Budget of £14,026,160 to reflect the drawing down of agreed funding from earmarked reserves of £52,160 at 30th September 2008.
- b. That Members note the current forecast budget position at the year-end of a net overspending of £46,987 against the Revised Revenue Budget.

1. INTRODUCTION

- 1.1 The purpose of this report is to outline the actual financial position at 30th September 2008 and provide a forecast of the position at the year end (outturn estimate).
- 1.2 The forecast at the year-end is of a net expenditure position of £14,073,147 compared to a revised budget of £14,026,160, and would result in a net overspending across all services of £46,987. The Original Net Revenue Budget approved by Council in February has been updated to reflect the agreed funding from earmarked reserves to fund specific activities.
- 1.3 The report outlines the significant variances against the Revenue Budget in paras 2.7 to 2.14.

- 1.4 The monitoring report has been prepared by the Accountancy section, working with budget managers, unfortunately, the impact of 2007/08 final accounts work has limited the extent of finance support during quarter two, but the two-way dialogue will continue to develop and improve as the year proceeds.
- 2. BUDGET MONITORING POSITION AT 30TH SEPTEMBER (PERIOD 6) AND FORECAST TO THE YEAR END (PERIOD 6 + 6)**
- 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 therefore, 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.
- 2.2 The Original Revenue Budget agreed at Council in February 2008 was £13,974,000. This has been revised to reflect the drawing down of earmarked reserves since 1st April 2008 for specific purposes, totalling £52,160. The Revised Revenue Budget for 2008/09 is therefore, £14,026,160.
- 2.3 The Executive received a report at its August meeting which considered the actual position and year end projections at the end of the first quarter (month 3). The forecast to at the year end indicated an underspending of £24,000 (0.2%) against the full year budget. This has been revised, as you would expect, during the second quarter.
- 2.4 Current projections indicate a year-end position of £14,073,147, compared to the Revised Budget of £14,026,160, results in a forecast overspending of £46,987. This is a movement of £71,000 during the quarter, however, the forecast overspending represents 0.3% of the Revised Budget.
- 2.5 Appendix A summarises the budget position by main service heading at 30th September 2008 and the forecast at the year-end.
- 2.6 The main areas of forecast budget variance are as follows:-

Overspendings

- 2.7 Customer Services – the repayment of housing benefits overpaid estimate indicates an approximate £75k deficit in income repayments in relation to the original budget target of £510k. The estimate continues to be reviewed.

- 2.8 Finance & MIS – the forecast overspending of £54k relates to advertising and recruitment costs in relation to recent vacancies and interim management arrangements.
- 2.9 The Finance budget includes income from Treasury Management activities. The budget assumes income from investments of £1.3 million. Existing market investments are yielding returns in line with the budget, (some slightly above) but when they mature, it is unlikely we will be able to secure interest rates at the same levels. Given current financial market turbulence, and the possibility of a reduction in Bank of England base rates, this target may not be achieved. The forecast continues to be revised and an estimate will be included in the quarter three report.
- 2.10 Legal and Democratic Services – the forecast overspending relates to in the main, a decline income from housing searches, reflecting the impact of the down turn in the housing market. This is offset by a number of underspendings across a range of other budget lines and the net overspend forecast is £28k.
- 2.11 Leisure and Environmental Services – the forecast overspending of £26k relates to a number of areas. Refuse activity is forecast to be overspent in the region of £24k, Open Spaces, a forecast overspending of £32k, and staffing budgets across the service are forecast to underspend by around £30k.

Underspendings

- 2.12 Nuclear – the staffing budget is forecast to be underspent at the year end as a result of a vacancy within sustainability, and this it is unlikely to be filled before the end of the calendar year. The forecast underspending is £26k.
- 2.13 Policy and Performance are forecasting an underspend of £51k across a number of lines. There may be a request to carry forward some underspending at the year end in relation to training, as the training plan was not in place at the beginning of the year. This will be firmed up as the year proceeds.
- 2.14 Regeneration – there are a number of forecast variances across a number of budget lines, but the forecast net underspending of £60k relates, in the main, to staffing budgets.

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

- 3.1 The financial implication is a forecast overspend of £46,987 which represents 0.3% of the Revised Revenue Budget.
- 3.2 The financial implications of the slow-down in the economy will need to be considered in preparing the 2009/10 budget, and the update to the Medium Term Financial Strategy.

4. PROJECT AND RISK MANAGEMENT

- 4.1 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.

5. IMPACT ON CORPORATE PLAN

- 5.1 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 30th September 2008 (Quarter 2 plus projection to the year-end)

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	None
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 Position at 30th September 2008 (Quarter 2 plus projection to the year-end)

Appendix A

	Original Budget 2008/09 £	Adjs in Year Transfers from Earmarked Reserves £	Revised Budget 2008/09 £	Profiled Budget to 30th September 2008 £	Period 6 Net Position		(Period 6+6)		
					Total Net Actual Position at 30th September 2008 £	Variance vs Profile £	Projected Spend to Year End (Manager) £	Forecast Outturn at 31st March 2009 (Manager) £	Variance on Forecast Outturn £
Chief Executives	1,079,807	20,000	1,099,807	539,904	425,985	(113,919)	673,823	1,099,807	0
Customer Services	767,122	0	767,122	383,561	(2,185,899)	(2,569,460)	3,028,021	842,122	75,000
Finance & Business Devt	1,149,804	4,760	1,154,564	574,902	925,290	350,388	283,435	1,208,725	54,161
Legal & Democratic Services	836,939	0	836,939	418,470	458,021	39,552	407,496	865,517	28,578
Leisure & Environmental	4,547,752	18,000	4,565,752	2,273,876	1,707,039	(566,837)	2,884,505	4,591,544	25,792
Nuclear	80,292	0	80,292	40,146	11,517	(28,629)	43,229	54,746	(25,546)
Policy & Performance	1,579,551	9,400	1,588,951	789,776	502,944	(286,832)	1,035,298	1,538,242	(50,709)
Regeneration	3,932,733	0	3,932,733	1,966,366	1,326,556	(639,810)	2,545,888	3,872,444	(60,289)
Grand Total	13,974,000	52,160	14,026,160	6,987,000	3,171,453	(3,815,547)	10,901,695	14,073,147	46,987

Additions to Original Budget - funding from earmarked reserves for specific activities

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