

**MONITORING OF REVENUE EXPENDITURE FOR THE 9 MONTH PERIOD
TO 31 DECEMBER 2006 – EXCEPTION REPORT**

EXECUTIVE MEMBER: Councillor E Woodburn
LEAD OFFICER: Sue Borwick, Head of Finance and Business Development
REPORT AUTHORS: Paul Robson, Accountant
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Summary: This report informs Members in detail of the variations in actual and expected revenue based expenditure and income over £10,000, or more than 10% of budget, for the 9 month period 1st April to 31st December 2005

Recommendation:	<ol style="list-style-type: none">1) The report be noted,2) approve the return of £30,000 to Contingencies and £37,000 of the £55,000 to MPF for funding previously requested and approved as an Urgent Action at 8th November 2005 Executive not now required,3) approve the use of the £18,000 balance to resource the delivery of the recovery plan for the backlog of benefits cases, and4) approval be given to vire £3,075 from Civic and Mayoral Members Allowances to Electoral Registration Postages, and, £5,104 from Members Allowances to Civic and Mayoral Transport Running Costs.
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Impact on delivering Copeland 2020 objectives: Ensure financial control to ensure resources are used efficiently, economically, and effectively in service delivery.

Impact on other statutory objectives (e.g. crime & disorder, LA21): None directly

Financial and human resource implications: On a quarterly basis, all revenue budgets, including holding accounts, will continue to be monitored and reported to members on an exception basis. The realised net surplus or deficit will form part of the final accounts report.

Project & Risk Management: Budget Monitoring procedures are currently being developed in more detail.

Key Decision Status

- **Financial:** Yes
- **Ward:** No.

Other Ward Implications: None.

1. INTRODUCTION

- 1.1 It is important that any overspend or under spending on revenue activities are identified as soon as possible so that any action required may be taken promptly. Managers receive detailed monitoring statements monthly to enable them to take appropriate courses of action, with financial advice being given by suitably qualified finance staff.
- 1.2 The purpose of this report is to identify any major variations from profiled budget for the 9-month period up to 31st December 2005, and to recommend any appropriate action necessary.
- 1.3 Any under spend realised after the closure of the accounts will be recommended for transfer to the Major Projects Fund in line with policy.
- 1.4 A summary of variances affecting all General Fund line functions and holding accounts is shown in Appendix A, which details significant variances greater than £10,000 or 10% of the profiled budget for Period 9.
- 1.5 The accounts for Period 9, are reported against the Member approved revised budget for the current financial year (Executive 20.10.05).

2 MAJOR EXCEPTIONS

- 2.1 Treasury management is showing an overspend of £86,094 due to a shortfall in income. This is due to the setting of the original budget based on an anticipated rise in interest rates to 5.25%. It is now estimated that the interest rate will remain close to 4.5% for the remainder of the financial year. It is anticipated that the budget will show a shortfall of around £133k at financial year end due to lower interest rates and lower cash balances.
- 2.2 Regeneration departmental salaries is showing an underspend of £160k overall due basically to vacancies. A separate report is to be presented to Executive with regard to the Regeneration Department as a whole in service delivery. As part of this report it is being recommended that any underspend at financial year end is carried forward which will allow effective service delivery in the short to medium term
- 2.3 Civic is showing an underspend of £27k due to underspend on Members Allowances from reduced travel and a vacancy.
- 2.4 Following the transfer of the Careline service to an external provider on 3rd January 2006, it is expected that by financial year- end, an underspend will materialize on the budget, after accounting for agreed one-off costs of transfer to be borne by Copeland. This underspend has already been accounted for in the 2006/07 budget process.
- 2.5 Leisure Management is showing an underspend of £32k as reported, due to increased income at the Sports Centre, and Copeland Bowls, coupled with a saving on expenditure at Cleator Moor Civic Hall. Urgent Action 04/06 dated 30/01/06 has been authorized to keep the Cleator Moor Civic Hall open from 1 February to 31 March whilst negotiations are concluded for the sale and staff transfer to the purchaser. It is anticipated that the building can be operated within the existing Leisure Budget to the financial year end at a cost of £5,000 per month, thus impacting on the potential realized underspend by £10,000.
- 2.6 Sports Development is showing an underspend of £73k. This is due to vacancies in the newly reorganized Community Development Department.
- 2.7 Enforcement income is behind profile due to customer demand for use of CBC owned car parks not meeting budgetary expectation.

3 CONTINGENCIES

3.1 The balance on contingencies as at 7th February 2006 is £19,914.

4 BENEFITS SERVICE - RECOVERY PLAN

4.1 An urgent action report was presented and approved by Executive at its meeting on 8th November 2005 to gain approval to employ CAPITA Local Government Services to process the backlog of benefit cases remotely from their Carlisle offices.

4.2 Approval was given to fund the project from contingencies (£30,000) and Major Projects Fund (£50,000)

4.3 Subsequently, 100% funding has been secured from the DWP to pay for CAPITA Local Government Services to process the back log.

4.4 However, in order to deliver the BFI benefits recovery plan it is essential that we train 3 further staff to process benefits. Due to the fact that we already have overstretched resources delivering the recovery plan, the only way this can be achieved is to bring in an external trainer.

4.5 For this reason, approval is sought from Executive to retain £18,000 of the £50,000 previously approved from Major Projects Fund to cover the cost of the trainer and associated costs. This will then allow the delivery of the recovery plan and ensure that the section is in a steady state for financial year end.

5 VIREMENTS WITHIN LEGAL AND DEMOCRATIC SERVICES BUDGETS

5.1 Members Allowances budget is currently underspent by £27,225

5.2 The overspend on Electoral Registration Postages budget is projected to financial year end at £3,075. This is due to the large number of members of the public now requesting postal votes. For the next two financial years, from April 2007, the Government will be giving Council's 53p per elector as recompense for the additional cost. However, no payment will be made in 2005/06.

5.3 Mayoral and Civic Running Costs of Transport is projected to be overspent by £5,104. This is due to the change in Mayor's car in July, an increase in car rental costs for the second car, a significant increase in fuel costs, and the hire cost of 2 garages following stock transfer.

5.4 It is recommended that virements be approved from the Member Allowances budget to cover these overspends.

5 FUTURE REPORTS

5.1 Accountancy are currently developing reporting financial spend against outputs. This will assist both members and budget holders to assess progress against spend.

6 CONCLUSION

6.1 All accounts continue to be monitored closely and any significant variances, and appropriate action required, will be reported to members.

6.2 There are a number of other significant under and overspend, that will only be finalised in the final accounts process for 2005/06.

List of Appendices

[Appendix A](#)
[Appendix AA Summary](#)

List of Background Documents:

Detailed management accounts for period 9 (1st April 2005 to 31st December 2005)

List of Consultees:

Business Managers, Corporate Team