# REVENUE BUDGET – SUMMARY MONITORING REPORT 2010/11 (Period 9 to 31 December 2010)

EXECUTIVE MEMBER:

Cllr E Woodburn, Leader

LEAD OFFICER:

Joanne Wagstaffe, Corporate Director of Resources

and Transformation

REPORT AUTHOR:

Barry Williams, Interim Technical Accountant

# Summary:

This report indicates the management year end forecast against the current approved 2010/11 revenue budget, based on the financial position for the 9 month period to 31 December 2010.

### Recommendations:

The Executive is asked to:

- (i) Note the projected year-end net underspend of £240,841, against the current approved revenue budget of £16,164,560.
- (ii) Note that the forecast includes carry forwards of circa £523,000, which will finalised and transacted at the year-end.

#### 1 INTRODUCTION

- 1.1 In accordance with Council's Financial Regulations, the Director of Resources and Transformation is required to report to the Executive on the overall budget position, and, the monitoring and control of expenditure against budget allocations. It is the responsibility of Senior Leadership Team and individual budget managers to control income and expenditure within their service areas and to monitor performance, taking account of financial information provided by the Director of Resources and Transformation.
- 1.2 This report is the third quarter full report for consideration by the Executive and is based on the new system of reporting significant variances that are identified between monthly budget monitoring reports, with a summary of

- the key budget figures. This will ensure that Members are kept informed on a timely basis of all significant financial issues affecting the Council.
- 1.3 Based on the latest financial position for the 9 month period to 31 December 2010, the year end forecast of £15,923,719 indicates an under spend £240,841 against the current approved revenue budget of £16,164,560.
- This projected year-end under spend position of £240,841 against current approved budget shows a reduction of £182,806 from the £423,647 reported in Period 8.

# 2 FINANCIAL PROJECTION 2010/11

2.1 Funding of the current approved budget is shown at Appendix A. Table 1 below summarises the current budget position by department with details shown at Appendix B. The position on reserves is shown at Appendix C.

Department	Original
	Budget
	£'000
Chief Executive	1,646
Customer Services	865
Finance	1,612
Legal & Democratic Services	885
Policy & Performance	1,122
Development Strategy	2,853
Development Operations	2,450
Leisure & Environmental Services	4,692
Sub-total	16,125
Vacancy Management	(250)
Total	15,875

		·
Current	Year-end	Variance
Approved	Projection	between
Budget		Year-end
		Projection
		and
		Current
		Approved
		Budget
£'000	£'000	£'000
1,741	1,655	(86)
806	733	(73)
1,610	1,613	3
901	937	36
1,066	963	(103)
3,364	3,415	51
2,502	2,357	(145)
4,424	4,250	(174)
16,414	15,923	(491)
(250)	0	250
16,164	15,923	(241)

Period 8	Movement
Executive	in Variance
Reported	between
Projected	Periods 8
Variance to	and 9
Current	
Approved	
Budget	
£'000	£'000
(225)	139
(74)	1
(15)	18
34	2
(86)	(17)
(285)	336
43	(188)
(66)	(108)
(674)	183
250	0
(424)	183

- 2.2 Significant movements from the current budget are as follows;
  - With the Chief Executive's area;
    - In Corporate Management the provision for pay and workforce strategy has been deleted as it no longer required, saving approximately £141,000.
    - Management and Information Systems is forecast to be underspent by £44,000 due to 2 staff vacancies being unfilled for the year.

- In Nuclear there is a forecast underspend of £105,000 due to delays in filling established posts and in project work. This underspend will be carried forward to 2011/12.
- Budget provision for the repayment of grant paid by West Cumbria
  Development Company directly to Whitehaven RLFC (1992) Ltd
  has been made in this period in accordance with the Council's
  responsibilities as Accountable Body, which guaranteed the
  repayment of this sum should the company default on its
  commitments for the use of this funding.

# Within Customer Services

- In the Cash Collection account there is a forecast overspend of £46,000 following the introduction of hosted card payments due to an inadequate budget for the implementation costs.
- There have been savings in salary costs as staff vacancies arising during the year have not been filled, which are forecast to save £21,000, reducing the net overspend in this area to circa £15,000.
- The budget for redundancy costs within revenues and benefits of £119,000 to provide funding for these costs following the introduction of the shared service is not now required in full. It is anticipated that £115,000 will now be available to be transferred back into reserves at the year-end.

#### Within the Finance area;

- The budget for concessionary travel is forecast to be underspent by £54,000 due to a reduced take up of bus passes and travel vouchers in the year.
- Income from interest on investments is forecasted to be approximately £180,000 under budget due to continuing poor interest rates.
- The Council's insurance costs are forecast to be £89,000 below budget following the receipt of windfall income following the settlement of an old outstanding claim. Following legal advice it is proposed to transfer this balance into earmarked reserves at the year-end as there is an ongoing court case, which might result in the Council requiring to pay a settlement figure from this income.

# Within Legal and Democratic Services;

- Central printing and stationery is forecast to be overspent by £45,000 due to the payment of invoices in relation to 2009/10, which were not accounted for in that year.

 Income from elections is forecast to increase by approximately £9,000 due to the receipt of final settlement in respect of the 2009 County Council Elections.

# Within Policy and Performance

 Training costs paid from Human Resources budgets are forecast to be underspent by £118,000.

# Within Development Strategy;

- The costs of homelessness are forecast to be £28,000 below budget due to the use of rented rather than bed and breakfast accommodation for the majority of the year. This area is extremely volatile however and the position will be closely monitored for the remainder of the year.
- Forecast spending on Economic Development has dropped by £41,000 due to a reduction in the redundancy provision for Copeland Local Strategic Partnership staff.
- Spending on working neighbourhoods is forecast to drop by £40,000 by the year-end. This saving is subject to a carry forward bid and if approved this sum will be transferred into the Working Neighbourhoods earmarked reserve.
- Spending on the delivery of the Local Development Framework is forecast to be underspent by £275,000 at the year-end. The balance on this budget needs to be carried forward to meet funding requirements in 2011/12 due to re-phasing of the delivery plan.

#### Within Development Operations;

- The budget for the Head of Development Operations is forecast to be underspent by £38,000 as the post has remained vacant since the appointment of the previous post-holder as Corporate Director, People and Places.
- The Beacon is forecasting an underspend of £35,000 for the year after allowing for additional business rates of £22,000, which is subject to an appeal. The underspend is well below the target of £75,000 required as part of the business plan for the Beacon.
- Building Control is showing a forecast overspend of £29,000, mainly due to £10,000 for external training fees and £4,000 for software costs, both of which will be met from earmarked reserves as previously approved. A further £10,000 relates to the employment of a trainee within the department, which will be transferred from the saving in the training budget.

- Development Control is showing a forecast underspend of £64,000 due to staff vacancies and a small increase in income from fees and charges.
- Land Management within Property Services is showing a forecast underspend of £56,000, largely due to increased income from property rents due to the completion of a number of outstanding lease reviews.
- Repair and maintenance costs associated with buildings leased to NCL are forecast to be £41,000 below forecast. A carry forward request has been received to spend this budget in 2011/12. Further reductions in spending in this area on other public buildings of £19,000 are expected.

# Within Leisure and Environmental Services;

- In Enforcement, the cost of dogs enforcement has dropped due to a reduction in the use of contractors and other running costs resulting in an overall forecast saving of £24,000.
- Forecast spending on salaries within Environmental Health is £30,000 below budget due to staff vacancies.
- Parks and Open Spaces is forecast to be underspent by £56,000 by the year-end due to staff vacancies £34,000, a net improvement in the overall position of the Crematorium of £45,000, increased income of £15,000 from the Home Housing contract, increased income from contracts with parishes of £15,000. The cost of running the Council's cemeteries is however forecast to increase by £41,000, due mainly to a reduction fee income, which is reflected in a compensating increase in fees at the Crematorium as stated above.
- Spending Waste Services is forecast to underspend by £68,000 due to increased income from recycling and a reduction in employee costs.

### 3 CAPITAL – REVENUE BUDGET IMPLICATIONS

- 3.1 The capital monitoring report scheduled for consideration by the Executive elsewhere on the agenda contains a reference to work at the Beacon to develop a gallery at a cost of £105,000 to be funded from earmarked reserves. This project has been transferred from the revenue budget to the capital programme following a review of the works involved to complete the project.
- 3.2 There are no other projects which have implications for the 2010/11 forecast of the revenue out-turn position at year-end.

#### 4 CARRY FORWARDS

- 4.1 The Quarter 3 budget monitoring report has historically contained information on requests from service departments for carry forwards of underspends arising within 2010/11 to 2011/12 to meet outstanding commitments that cannot be delivered by the end of the current financial year.
- 4.2 A total of circa £523,000 has been identified by departments as potential carry forwards into 2011/12. Of this £420,000 would involve the carry forward of unused reserves and £103,000 would involve carrying forward unused budgets at 31 March 2011. These proposals are included in the budget forecast for the year but will be finalised and brought back to members for approval at the year-end.

# 5 IMPACT OF NEW REPORTING PROCESS

- 5.1 The new reporting process has now been in place for 2 months. As previously stated the purpose of the new-style reporting format is to provide members with timely information on budget performance to improve the understanding of the financial position of the council and the pressures it faces to enable more informed decisions to be made.
- 5.2 Budget managers have generally taken the new financial reporting arrangements well and this in turn has improved relationships between budget managers and the finance team. The primary objectives of the exercise remain to ensure that financial information is accurate and up to date.

#### 6 CONCLUSION

- The overall position is projecting a year-end underspend of £240,841 against the current approved revenue budget of £16,164,560.
- 6.2 Carry forwards will be brought back to the Executive for consideration at year-end and, if approved, will be transferred to earmarked reserves at the year-end for use in 2011/12. All other under-spends realised at the year-end will be transferred to General Fund balances unless the Corporate Leadership Team, and subsequently RPWG and the Executive, support further carry forward proposals following consideration of the Council's out-turn position in May 2011.
- 7 FINANCIAL AND HUMAN RESOURCES IMPLICATIONS (INCLUDING SOURCES OF FINANCE)

7.1 The summary report sets out the current revenue budget for 2010/11 and the forecast year end position and this is summarised in section 2.

# 8 PROJECT AND RISK MANAGEMENT

- 8.1 The budget monitoring process is carried out on a monthly basis.

  Management and finance staff work together to ensure financial reports are accurate and timely to assist the decision making process of the Council as a whole.
- 8.2 Budgets are monitored during the year with exceptions reported through Corporate Leadership Team and Executive during the year now on a monthly basis, with a more detailed monitoring report produced on a quarterly basis. At the year- end, the draft outturn prior to the external audit process must be reported formally. It is also good financial practice to report the year-end position on revenue reserves as a consequence of the outturn.

# 9 IMPACT ON CORPORATE PLAN

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

# **List of Appendices**

Appendix A - Approved Current Budget 2010/11

Appendix B – Budget Monitoring information by Department

Appendix C – Reserves Statement

# **List of Background Documents**

2010/11 Management Accounts Reports Revenue Budget Reports 2010/11

# **List of Consultees**

Senior Leadership Team, Budget Managers

<u>CHECKLIST FOR DEALING WITH KEY ISSUES</u>
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	None
Implications	
Human Rights Act Implications	None
Section 151 Officer Comments	None
Monitoring Officer Comments	None

Please say if this report will require the making of a Key Decision

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	Approved
	Executive
Table 1 - 2010/11 Current Approved Budget	August 2010
	£
Net Budget Requirement 2010/11 to be funded from Council	
Tax and Government Grant	13,104,230
Net Budget Requirement 2010/11 funded from reserves	2,770,922
Total Approved Net Budget Requirement	15,875,152
2040/44 0	
2010/11 Changes to Net Budget Requirement	425.040
Carry forward requests 2009/10	425,918
Amendments following outturn report	275,579
Reduction in General Grant Funding (Area Based Grant)	(98,307)
	16,478,342
Adjustments to Service Budgets 2010/11:	
Reduced Contract Payment NCL	(42,000)
Free Swimming	42,000
Housing and Planning and Delivery Grant	63,218
Personal Search Fees	20,000
Data Capture	10,000
Building Maintenance and Efficiency	48,000
Total 2010/11 changes to Net Budget Requirement	16,619,560
Stage 1 Service Review Savings tranferred to General Fund	
reserve	(455,000)
Comment Not Dealest Description	46464 766
Current Net Budget Requirement	16,164,560
- to be funded from Council Tax and Governments Grants	13,005,923
- to be funded from reserves	3,158,637
	16,164,560

	Current	Year-end Forecast	Year-end Forecast	Year-end Forecast	Year-end Forecast	Proposed	- 1	Forecast Out-
	.2010/11		Changes Period 7	Changes Period 8		Forwards	Forecast	March 2011
Chief Executives	ф	မ	બ	ы	બ	લા	લ	ω)
Chief Executive Corporate Management Community Partnerships (LSP,etc) Director of Resources and Transformation Management Information Systems Director of People and Places Nuclear	193,710 373,333 94,216 102,179 572,244 102,361 302,627	(4,708) (1,195) 5,891 7,928 (55,613) 23,136 (88,347)	(2,284) (131,838) 0 (550) 1,324 13,414	2,471 0 (14,980) 11,629 5,042 (29,146) (17,265)	13,768 77,205 0 0 5,390 (12,897)	0 0 0 0 0 105,000	9,247 (55,828) (9,089) 19,007 (43,857) (5,493)	202,957 317,505 85,127 121,186 528,387 96,868 302,565
Total - Chief Executives	1,740,670	(112,908)	(119,934)	(42,249)	84,016	105,000	(86,075)	1,654,595
Customer Services				; ;		•		1
Revenues & Benefits	228,373	19,827	36,303	(108,544)	(5,777)	3,185	15,304 (88,935)	593,258 139,438
Total - Customer Services	806,327	725	47,615	(122,828)	(7,328)	8,185	(73,631)	732,696
Accountancy Services Concessionary Fares Corporate Treasury Management Corporate Insurance Audit & Fraud Prevention	568,904 645,915 (15,072) 283,867 126,141	20,307 (32,217) 193,594 (83,651) (28,994)	2,012 52 0 0	(855) (22,271) (18,591) (5,720) 1,343	(28,925) 562 5,798 0 1,220	0000	(7,461) (63,874) 180,801 (89,371) (26,431)	561,443 592,041 165,729 194,496
Total - Finance	1,609,755	69,039	2,064	(46,094)	(21,345)	0	3,664	1,613,419
Legal & Democratic Services								
Democratic Services Elections Emergency Planning Land Charges Legal Services	350,623 51,073 20,114 (45,619) 633,508 (109,066)	44,689 (7,584) (2,114) (2,048) 15,590 1,350	(2,262) (7,132) 1,000 301 (1,919) 3,093	5,700 2,119 1,114 620 1,577 557	326 (2,519) 0 (6,640) (9,667) (220)	00000	48,453 (15,116) 0 (7,767) 5,581 4,780	399,076 35,957 20,114 (53,386) 639,089 (104,286)
Total - Legal	900,633	49,883	(6,919)	11,687	(18,720)	0	35,931	936,564
Policy & Performance								
Communications Human Resources - JE and Training Policy & Performance Team Process Improvement Team	109,674 568,936 160,302 227,584	972 (84,304) (1,336) 4,382	2,000	8,025 (12,515) (3,363) (211)	(3,975) (12,827) (410) (10)	0000	5,022 (107,646) (5,109) 4,161	114,696 461,290 155,193 231,745
Total - Policy & Performance	1,066,496	(80,286)	2,000	(8,064)	(17,222)	0	(103,572)	962,924
Development Strategy								
Housing and Homelessness Economic Development Planning Policy WNF/Regeneration Delivery Plan Sustainability Development Strategy (including HoS)	531,214 518,727 604,214 1,331,837 43,000 335,202	2,153 (20,129) (105,024) (35,001) 704 (14,583)	(1,451) 31,880 (107,457) 19,865 16 133,814	(22,388) (14,972) (88,257) 9,240 1,787 (25,050)	(6,598) (41,390) 25,287 (34,985) 0 3,802	275,000 40,000 0 25,000	(28,284) (44,611) (451) (881) 2,507 122,983	502,930 474,116 603,763 1,330,956 45,507
Total - Development Strategy incl Regeneration Delivery Plan	3,364,194	(171,880)	76,667	(139,640)	(53,884)	340,000	51,263	3,415,457
Development Operations								
Head of Development Operations Admin Buildings Beacon & TIC Building Control Planning Property Public Buildings	38,382 1,081,575 434,833 112,670 160,944 240,034 392,316 41,363	(922) 1,503 (11,568) 25,181 (25,214) (17,766) (12,604) 2,888	430 (722) 8,722 8,726 (7,799) 1,213 15,123	(37,842) 14,350 81,859 (4,267) (11,279) (20,441) (5,335)	(240) 0 (104,151) 0 (19,733) (38,295) (42,561)	6,000 0 0 10,000 41,623	(38,574) 15,131 (19,124) 29,636 (64,025) (45,592) (18,860) (2,998)	(192) 1,086,706 415,709 142,306 96,919 194,442 373,456 38,365
Total - Development Operations	2,502,117	(38,492)	25,742	16,301	(205,580)	57,623	(144,406)	
Leisure & Environmental Services								
Cultural Services Enforcement Environmental Health Leisure & Environmental Services Admin Open Spaces Waste Services	947,908 (80,752) 710,422 222,738 772,508	14,219 (10,422) (20,190) 5,552 8,217 (80,518)	(3,950) (1,405) (3,899) (6,471) 7,151 (36,364)	(10,279) (12,006) 15,472 101 (12,768) 61,392	(375) (328) (25,516) (2,160) (59,173) (12,434)	12,139	11,754 (24,161) (34,133) (2,978) (56,573) (67,924)	959,662 (104,913) 676,289 219,760 715,935 1,783,620
Total - Leisure & Environmental Services	4,424,368	(83,142)	(44,938)	41,912	(986'66)	12,139	(174,015)	4,250,353
GRAND TOTAL	16,414,560	(367,061)	(17,703)	(288,975)	(340,049)	522,947	(490,841)	15,923,719
Vacancy Management	(250,000)	0	0	250,000	0	0	250,000	. 0
TOTAL	16,164,560	(367,061)	(17,703)	(38,975)	(340,049)	522,947	(240,841)	15,923,719
EUNDING PFI Grant Income Area Based Grant Revenue Support Grant NNDR Council Taxation Surplus on Council Tax Drawdown on Earmarked reserves Drawdown on General Fund Balances	(836,828) (930,512) (915,799) (6,306,750) (4,008,034) (8,000) (3,094,396) (64,241)	233,024 134,037 367,061	0 0 0 0 93,202 (75,499)	0 0 0 0 0 0 0 96,020 (57,045)	73.853) 413,902	0 0 0 0 0 (522,947) 0 (522,947)	(836,828) (930,512) (915,799) (6,306,750) (4,008,034) (8,000) (3,268,950) 351,154	
G,TOTAL	0	О	0	0	0	0	0	
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0 1,425,299 (146,874)(1,572,173)(146,874)Projected Variance Closing Balance against બ Year Forecast Projected Closing Movement | Balance as at 31 (3,994,955)(2,344,588)(6,339,543)(1,686,177)(8,025,720)March 2011 Revised Additional In ; (240,841)(240,841)(415,395)174,554 64,241 3,094,396 3,158,637 3,023,245 (135,392)Approved Estimated Utilisation Current (1,686,177) (6,486,417)(2,569,656)(3,916,761)(8,172,594)rojected Closing Original Balance 1,074,145 2,770,922 (135,392)2,635,530 1,696,777 Utilisation Budgeted Balance as at (9,257,339)(3,643,801)(5,613,538)(1,550,785)(10,808,124)Opening 1st April 2010 **Total General Fund and Earmarked Reserves Earmarked Reserves** Sinking Funds **General Fund** 

Appendix C - Movement on General Fund Balance, Earmarked Reserves, and Sinking Funds

The use of earmarked reserves at Quarter 3 comprises a reduction in reserves of £398,393 on revenue spending and an increase of £105,000 to pay for capital works at the Beacon.

Total

Note