

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 be 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.
- 1.6 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	Current Approved Budget	Year-end Projection	Variance between Year-end Projection and Current Approved Budget	Period 8 Executive Reported Projected Variance to Current Approved Budget	Movement in Variance between Periods 8 and 9
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	1,646	1,741	1,655	(86)	(225)	139
Customer Services	865	806	733	(73)	(74)	1
Finance	1,612	1,610	1,613	3	(15)	18
Legal & Democratic Services	885	901	937	36	34	2
Policy & Performance	1,122	1,066	963	(103)	(86)	(17)
Development Strategy	2,853	3,364	3,415	51	(285)	336
Development Operations	2,450	2,502	2,357	(145)	43	(188)
Leisure & Environmental Services	4,692	4,424	4,250	(174)	(66)	(108)
Sub-total	16,125	16,414	15,923	(491)	(674)	183
Vacancy Management	(250)	(250)	0	250	250	0
Total	15,875	16,164	15,923	(241)	(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

- 6.1 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

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
Section 151 Officer Comments	None
Monitoring Officer Comments	None

Please say if this report will require the making of a Key Decision YES/NO

APPENDIX A

	Approved Executive August 2010
Table 1 - 2010/11 Current Approved Budget	
	£
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
2010/11 Changes to Net Budget Requirement	
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 transferred to General Fund reserve	(455,000)
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

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

	Opening Balance as at 1st April 2010	Budgeted Utilisation	Original Projected Closing Balance	Approved Current Estimated Utilisation	Additional In Year Forecast Movement	Revised Projected Closing Balance as at 31 March 2011	Variance against Projected Closing Balance
General Fund	£ (3,643,801)	£ 1,074,145	£ (2,569,656)	£ 64,241	£ (415,395)	£ (3,994,955)	£ 1,425,299
Earmarked Reserves	(5,613,538)	1,696,777	(3,916,761)	3,094,396	174,554	(2,344,588)	(1,572,173)
Total General Fund and Earmarked Reserves	(9,257,339)	2,770,922	(6,486,417)	3,158,637	(240,841)	(6,339,543)	(146,874)
Sinking Funds	(1,550,785)	(135,392)	(1,686,177)	(135,392)		(1,686,177)	0
Total	(10,808,124)	2,635,530	(8,172,594)	3,023,245	(240,841)	(8,025,720)	(146,874)

Note 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.