

Supplementary Papers

Executive

held in the Guildhall, Abingdon
on Friday 5 November 2010 at 3pm

Open to the public including the press

7. **Budget monitoring** (Pages 2 - 9)
To consider the report of the head of finance.

Executive Report



5 November 2010

Report of Head of Finance

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Wards affected: All

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To: EXECUTIVE

DATE: 5 November 2010

Report No 66/10

Budget Monitoring – Quarter 2 2010/11

Recommendation

To note the current position and forecast of outturn by the services.

Purpose of Report

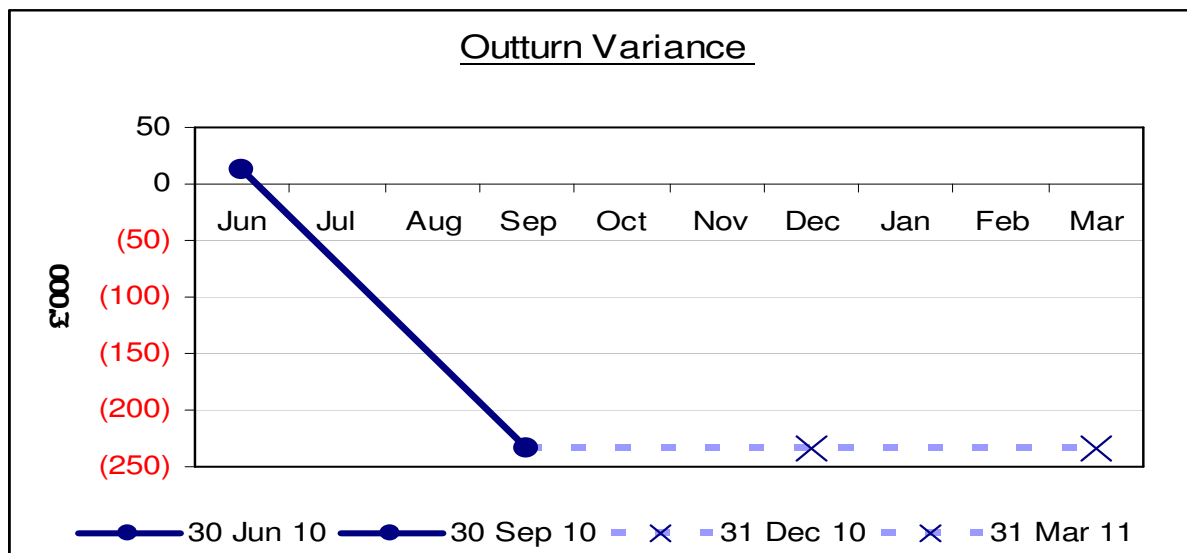
1. The report details the current revenue and capital expenditure position for the first two quarters of 2010/11. The report is submitted to the Executive to assist it in fulfilling its service delivery and budget management roles.

Strategic Objectives

2. The Council has a strategic objective to manage the business effectively, provide value for money services that meet the needs of our residents and service users and communicate the Council's activities and achievements. This report seeks to inform the committee of the current position of the council with regard to budget, expenditure to date, committed expenditure and the forecasted year-end outturn. The report also highlights where there are budget pressures and potential under-spends, with the reasons for these.
3. Both the revenue and capital positions to date and the forecasted outturn position are covered in this report. Budget is as set by council and includes approved virements to date; actual income and expenditure figures are derived from the Council's general ledger system and the predicted outturn with explanation of variances are provided by the budget holders within the service areas.

Revenue Budget Monitoring Report

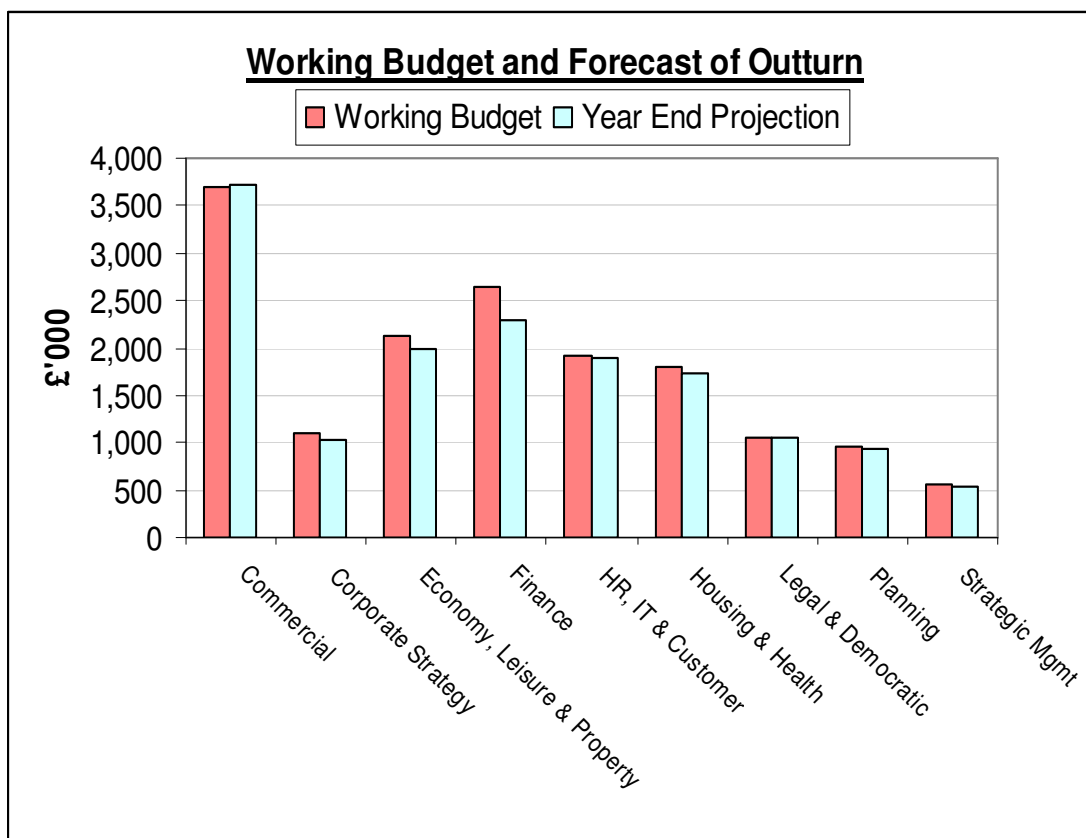
4. Budget monitoring for the first two quarters of 2010/11 (1 Apr – 30 Sep 10) indicates that, at the date of this report, the Council is predicting an underspend by year end of £234,164 (Qtr 1 was predicting a pressure on the budgets of £12,535). This figure will become firmer during the remainder of the year as the final outturn estimates are able to be predicted with more certainty.



5. Service areas are reporting a net predicted outturn of £674,184 under budget but this is currently offset by a predicted "Below the Line" pressure of £440,020 due to lower than budgeted income from investments and the withdrawal of the Housing and Planning Deliver Grant (HPDG) and Local Area Business Growth Incentive (LABGI) by central government in its June budget.

Table 1 – Outturn forecast by Service Area as at 30 Sep 10
(all figures in £'000)

	Working Budget	Actuals & Commitments (30 Sep 10)	Year End Projection	Year End Variance
Commercial	3,686	1,810	3,719	33
Corporate Strategy	1,103	623	1,034	(69)
Economy, Leisure & Property	2,121	1,093	1,981	(141)
Finance	2,642	4,388	2,292	(351)
HR, IT & Customer	1,925	972	1,885	(40)
Housing & Health	1,801	791	1,726	(75)
Legal & Democratic	1,047	545	1,057	11
Planning	952	601	925	(27)
Strategic Mgmt	554	408	538	(16)
	15,830	11,232	15,156	(674)
Below the Line	(2,381)	(1,078)	(1,941)	440
	13,449	10,154	13,215	(234)



6. The main variances within the individual service areas are highlighted in the table below, which shows the variance against the gross expenditure and income budget lines within the services. Significant elements of the savings are a direct result of cost reduction measures being implemented.

Table 2 – Detail by Service Area of main variances

Commercial services	<u>£000</u>
<u>Expenditure</u>	
The interim waste team and building control team are currently forecasting holding a post vacant in each service - this may be reviewed. Staff travel costs are also consequently reduced. There has been a drop in clinical waste users and bulky waste collections.	(72)
<u>Income</u>	
Shortfall on car park income and building control income.	105
	<u>33</u>
Corporate strategy	
<u>Expenditure</u>	
Underspends on advertising, printing and CCTV operator pension costs. Also there has been a reduced number of climate change projects which has resulted in an underspend.	(61)
<u>Income</u>	
Mainly one off income from Sovereign Vale Housing Association	(8)
	<u>(69)</u>
Economy, Leisure and Property	
<u>Expenditure</u>	
Mainly due to reduced salary costs (£75k) arising from vacant posts and/or redundant posts. Position may change when below 4th tier changes are applied. Saving of £30k on materials and stationery due to reduced activity in BSU.	(123)
<u>Income</u>	
Mostly due to additional rent income from Pease Hill Home Parks. There are a	(18)

number of income budgets that are under and over achieving by smaller amounts which cancel each other out.

(141)

Finance

Expenditure

Mainly due to increased housing and council tax benefit expenditure £668k - although more than offset by increased subsidy income from central government (see below). Within the service, there are underspends expected in respect of assisted travel costs (£99k); salaries due to maternity and part-year vacancies (£44k) and lower than anticipated past service pension costs payable.

493

Income

Mainly due to increased subsidy in support of Housing and Council Tax Benefits (£860k) – this gives a net position on benefits of £192k additional income.

(844)

(351)

HT, IT & Customer

Expenditure

Majority of underspend is due to Wantage LSP closing earlier than anticipated and reduced redundancy cost. Other savings are from staffing changes included in the below 4th tier restructure, for which the budget has not been amended.

(40)

Income

-

-

(40)

Housing & Health

Expenditure

Lower than anticipated cost of benefits payable to temporary accommodation clients and expenditure on costs of nightly paid accommodation, in addition to a number of smaller other variances.

(319)

Income

Lower than anticipated levels of temporary accommodation subsidy receivable and reduction in rental income due to reduced number of TA cases.

244

(75)

Legal & Democratic

Expenditure

The main overspends are coming from the elections cost centres - the expenditure needs to be reviewed in more detail in order to account for any costs that relate to District & Parish Elections separately.

10

Income

-

1

11

Planning

Expenditure

The main underspend (£73k) is on salary costs; remainder due to various small savings

(99)

Income

Reduction in planning fees received (£70k)

72

(27)

Strategic management

Expenditure

Work on the CAA has been put on hold

(16)

Income

-

0

(16)

Contingency

-

0

Below the line

Investment income interest – shortfall due to continuing record low rates	250
Housing and Planning Delivery Grant – cancelled by central government	150
Local Area Business Growth Incentive (LABGI) – cancelled by central government	40
	<hr/> 440 <hr/>

Current underspend against budget predicted in year (234)

Capital Budget Monitoring Report

- Capital budget monitoring for the first two quarters of 2010/11 (1 Apr – 30 Sep 10) indicates that of the capital programme expenditure budget of £6.01 million (includes carry forwards); to date £2.87 million has been spent (47.8%). Budget holders have indicated expected expenditure at year end of £4.50 million and consequently identified £1.51 million of budget that will need to be carried forward to 2011/12. This is funded by £0.85 million of external grants and contributions with the balance of £3.65 million funded from the council's capital reserves. The detailed capital programme as at 30 Sep 10 is attached at Appendix 1.
- The Council remains within the confines of its Prudential Indicators as specified in the 'Yellow Pages' agreed by Council in Feb 10. The Council also remains well within its operational debt boundaries.

Financial Implications

- Any variance in the outturn position from the budget will have an impact on the council's level of reserves.

Legal Implications

- This is an information report and there are no legal implications.

Risks

- Failure to manage budgets on a regular and adequate basis, and take appropriate action where necessary, could lead to a greater call on the council's reserve balances that originally anticipated in the Medium Term Financial Plan (MTFP).

Other implications

- Any change in the planned reserve levels in the MTFP could affect future budgets.

Conclusion

- Current revenue outturn prediction is £234,164 underspend (1.7% of net budget). It is anticipated that this figure will become more definite as the financial year progresses.

Appendix

- Capital Programme and expenditure as at 30 Sep 10

Background Papers

- Executive Budget Proposal 2010/11 (Yellow Pages) approved by Council on 17 February 2010.

CAPITAL PROGRAMME 2010/11 to 2013/14 and expenditure to end September.

new cost centre	officer resp. key	specific projects	exp. to 31.3.10		original budget 2010/11	revised 2010-11 inc chgd		actual at end Sept 10	expected spend in 2010/11		proposed 2011/12		proposed 2012/13		proposed 2013/14		proposed estimated total cost	FY Rev. cost once complete	comments
			£	£		£	£		£	£	£	£	£	£	£				
YA02	PD	Sewage works	70,523		30,000				30,000								100,523		
YA04	KC	Mobile Home Parks - Base replacement	71,955		11,000		7,658		8,800		15,000		11,000				117,755		
YA05	KC	MHP - Junct. box replacement	56,405		11,000		1,639		6,000		31,000		11,000				115,405		
YA07	IRM	Great Coxwell Church Wall	1,732		19,200				19,200								20,932		
YA18	WB	Development of additional plots at Mobile Home Park	8,920		800,000						800,000						808,920		Will generate £1.1m capital receipt
YA19	WB	Replacement hot water boilers in Abbey House	13,851		1,000		1,000		1,000								14,851		
YA20	PD	Revelment works at rivers Ock and Thames	22,058		53,000		556		53,000								75,058		Agreed by Exec May 28. From YC24
YA21	AW	Refurbishment of offices Abbey House	90,519						15,000								15,000		
YC06	AW	Pitches, pathways etc at Mably Way Grove VWH cont.	150,667		100,000		36,051		12,269								102,788		all funded from contributions
YC15	AB	Public Arts projects funded by contributions	149,923		3,200		122		122								150,045		
YC17	IRM	Water feature in Manor Park, Wantage.	67,719				2,281		2,281								70,000		Retention to pay
YC21	CW	Faringdon LC replacement air handling units			2,146,521		2,159,422		2,159,422								2,159,422		(195,955)
YC23	DW	Purchase bins for new waste contract			24,400				11,400		47,200		47,200				153,000		Some funded from contributions
YC23	DW	Additional wheeled bins for new properties			24,400				11,400		47,200		47,200				153,000		Loss of income during works £50k plus claims from Leisure contractors
YC24	KA	Maintain building fabric - leisure facilities			200,000		185,000		185,000		200,000		200,000				585,000		50,000
YD05	LB	Interactive forms on website			30,000		30,000		30,000								30,000		6,000
YD06	LB	Replace existing PCs across council			18,750		37,500		37,500								37,500		
YD08	WB	Business support unit - industrial printer			13,000		13,000		13,000								13,000		
YF04	WJ	Capita computer equipment			78,278		78,278		78,278		27,397		2,609				609,316		Not happening?
YH01	HN	Support development of Social Housing	793,808		206,190		206,190		124,500		81,700						1,000,008		(104,540)
YH12	LH	CCTV capital works	74,537		62,780		75,460		2,625		72,800						149,982		
YH14	LS	Enhanced choice-based lettings inc. Oxon wide	10,648				1,480		1,480								12,128		
YH15	ST	Climate change investment fund	8,829		75,000		141,171		20,000		50,000						200,000		
YP01	GAM	ABITS implementation	74,524		160,880		190,880		20,000		170,880						265,404		
YP02	MT	Southern Central Oxfordshire Transport Study	13,600		30,000		30,000		30,000								43,600		
YP03	SM	Rural Towns Initiatives	123,423		100,000		100,000		100,000								223,423		
YP05	MG	Electronic delivery of planning service	77,582				22,421		22,421								100,003		funded from Gov't grant
YP06	AW	New paths/cycleways	3,029		71,500		76,500		76,500		150,000		150,000				300,000		probably not in 2010-11
YP11	SM	Cont. to Abingdon Museum access and refurbishment			10,000		10,000		10,000								8,000		(1,001)
YP12	RA	Online payment for planning applications			8,000		8,000		8,000								8,000		
YP13	RA	Electronic consultation on planning applications			20,000		20,000		20,000								20,000		Procurement pending
YP13	RA	Asset Accounting System			20,000		20,000		20,000								20,000		4,000
YBn	BW		2,385,284		4,433,699		4,619,537		3,205,969		1,745,977		421,809				7,828,239		(251,311)
			total specific schemes																
			continuous schemes																
			1 year only																
YA01	PD	Flood Prevention	16,910		313,650		319,140		12,534		45,000		105,000				486,050		Grant funding rec'd from Env. Agency for extra schemes in 10/11 & 11/12
YC03	IRM	New & upgraded parks facilities	77,771		15,000		34,400		34,400		15,000		15,000				157,171		
YH05	PH	Renovation/Disabled Grants, mandatory	890,009		850,000		850,000		502,249		850,000		850,000				4,290,009		
YH06-09	PH	Renovation/Disabled Grants, discretionary	60,737		90,000		188,163		16,418		90,000		90,000				420,737		
			1,045,427		1,268,650		1,391,703		531,201		1,000,000		1,060,000				5,353,967		
			total continuous schemes																
			Proposed schemes (tbc)																
			Replacement heating boilers in Abbey House																
			Specific Capital bids 2010-11																
			ATC re Guildhall																
			WTC re Wantage Manor Park																
			West Way shopping centre																
			proposed new schemes from 2010-11																
											80,000						80,000		(3,600)
											372,500		83,200		563,500		1,019,200		
											1,000,000				1,000,000		1,000,000		
											650,000				650,000		650,000		
											1,500,000				1,500,000		1,500,000		
											2,102,500		83,200		2,063,500		4,249,200		(3,600)
			3,430,711		5,702,349		6,011,240		2,874,652		4,848,477		1,565,009		3,087,700		17,431,406		(254,911)
			TOTAL CAPITAL PROGRAMME																

CAPITAL PROGRAMME 2010/11 to 2013/14 and expenditure to end September.

new cost centre	officer resp.	key	exp. to 31.3.10		original budget 2010/11	revised 2010-11 inc c/w/d		actual at end Sept 10	expected spend in 2010/11		proposed 2011/12	proposed 2012/13	proposed 2013/14	proposed estimated total cost	FY Rev cost once complete	comments	
			£	£		£	£		£	£							£
Proposed funding																	
YA01	PD		(10,650)	(151,800)	(155,650)	(4,988)	(155,650)	(4,988)	(155,650)	(60,000)	(225,300)					additional grant	
YC03	IRM		(70,880)		(1,250)		(1,250)		(1,250)		(72,130)						
YC06	AW		(20,781)		(12,269)		(12,269)		(12,269)		(33,050)						
YC15	AB		(150,667)	(100,000)	(100,000)	(36,050)	(100,000)	(36,050)	(100,000)		(250,667)					all funded from contributions	
YH05	PH		(533,550)	(510,000)	(510,000)	(502,249)	(510,000)	(502,249)	(510,000)	(510,000)	(2,573,550)					limited by DCLG	
YP05	MG		(77,582)		(22,421)		(22,421)		(22,421)		(100,003)						
YP06	AW		(2,000)	(43,000)	(48,000)		(48,000)		(48,000)		(50,000)						
			(2,564,601)	(4,897,549)	(5,161,650)	(2,331,365)	(3,649,919)	(2,331,365)	(4,338,477)	(995,009)	(2,577,700)	(14,125,706)					
			Capital receipt c/f from previous year			9,776,491	9,776,491	9,776,491	9,776,491	8,180,072	4,491,595	9,796,586					
			projected increase in capital receipts in year			2,825,000	2,825,000	2,033,500	2,033,500	650,000	6,300,000	1,000,000					
			Capital receipt balance to b/f			7,373,951	7,439,841	9,478,626	8,180,072	4,491,595	9,796,586	8,218,886					

Details held by officers

Key to officer initials

- AB Abigail Brown
- AW Avril Williams
- BW Bob Watson
- CW Chris Webb
- DW Dave Wilson
- HN Helen Novelle
- IRM Ian Maitten
- KA Kate Arnold
- KC Kevin Coster
- LB Lee Brown
- LH Liz Hayden
- LS Lyn Scaplehorn
- MG Mike Gilbert
- MT Miles Thompson
- PH Paul Holland
- PD Peter Dela
- RA Rita Alexander
- SM Suzanne Malcolm
- ST Sally Truman
- WB Wendy Beasley
- WJ William Jacobs