

Executive Report



Report of Head of Finance

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To: EXECUTIVE

DATE: 3 September 2010

REPORT NO

42/10

Revenue Budget Monitoring – Quarter 1

Recommendation(s)

- (a) To note the current position and forecast of outturn by the services, and
- (b) To note any remedial action to be taken.

Purpose of Report

1. The report details the current revenue expenditure position for the first quarter 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.

Budget Monitoring Report

3. Budget monitoring for the first quarter of 2010/11 (1 Apr – 30 Jun 10) indicates that the Council is predicting a pressure on the budgets of £12,535. It is fully expected that this will be managed down during the year as the final outturn estimates can be predicted with more certainty.

4. Service areas are reporting a net predicted outturn of £427,485 under budget but this is offset by a "Below the Line" pressure of £440,020 due to a predicted 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 recent cuts in grant funding.

Table 1 – Outturn forecast by Service Area

(all figures in £'000)

	Working Budget	Actuals & Commitments (30 Jun 10)	Year End Projection	Year End Variance
Commercial	3,709	333	3,699	(11)
Corporate Strategy	1,151	388	1,104	(46)
Economy, Leisure & Property	2,161	597	2,176	15
Finance	2,642	5,443	2,417	(225)
HR, IT & Customer	1,923	569	1,843	(80)
Housing & Health	1,802	452	1,733	(68)
Legal & Democratic	1,047	277	1,065	18
Planning	952	405	941	(12)
Strategic Mgmt	557	278	539	(18)
	15,943	8,743	15,516	(427)
Below the Line	(2,381)	982	(1,941)	440
	13,562	9,725	13,574	13

Table 2 – Detail by Service Area of main variances

Commercial services	£000
<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 consequently reduced. Drop in clinical waste users and bulky waste collections.	(76)
<u>Income</u>	
The first quarter car parking income is below target by £15k - this is projected forward. Reduced bulky waste income.	65
	(11)
Corporate strategy	
<u>Expenditure</u>	
The advertising budget is projected to be £20k underspent; there is a saving of £18k on CCTV relating to the new maintenance contract, telephones costs and staff pension costs. Community Safety partnership grants to TVP and Crimestoppers have stopped, generating a saving of £6k.	(45)
<u>Income</u>	
-	(1)
	(46)
Economy, Leisure and Property	
<u>Expenditure</u>	
There is pressure due to redundancy costs at the Civic Hall and increased energy costs at the Guildhall. The dilapidations for Challow Depot are expected to be £6k more than budgeted.	8
<u>Income</u>	
The will be additional income from Mobile Home Parks (£25k). This is, however offset by a reduction in rental income for the Guildhall, Civic Hall and Fitzharrys Common Room. A reduction in bar trading income is partially offset by a corresponding reduction in bar stock purchases for the Civic Hall bar.	7

Finance		
<u>Expenditure</u>		
The overspend is virtually all due to increased housing and council tax benefit expenditure [£866k - although mitigated by increased subsidy income, below]. £10k overspend for the cost of Payroll function now the function is being accounted for as a true shared service. Underspends are expected in respect of Assisted Travel costs (£89k), and salaries due to maternity and part-year vacancies (£44k). The other main underspend currently projected concerns lower than anticipated past service pension costs payable (£20k).		719
<u>Income</u>		
Due to increased subsidy in support of Housing and Council Tax Benefits (contra expenditure increase, above).		(944)
		<u>(225)</u>
HT, IT & Customer		
<u>Expenditure</u>		
Underspends due to salary savings due to vacancy in Abingdon LSP and savings on closure of Wantage LSP (£103k). These savings are mitigated by the estimated cost of recharges from SODC in respect of FFTF work, which is presently unbudgeted at £49k.		(51)
<u>Income</u>		
Unbudgeted recharge to SODC for Vale staff working on FFTF.		(29)
		<u>(80)</u>
Housing & Health		
<u>Expenditure</u>		
Lower than anticipated cost of benefits payable to temporary accommodation (TA) clients, in addition to a number of smaller other variances.		(168)
<u>Income</u>		
Lower than anticipated levels of temporary accommodation subsidy receivable due to reduced number of TA cases.		100
		<u>(68)</u>
Legal & Democratic		
<u>Expenditure</u>		
-		(1)
<u>Income</u>		
Reduction in income due to government prohibiting the charging of fees for personal searches. Fees stopped with effect from end of July.		19
		<u>18</u>
Planning		
<u>Expenditure</u>		
Predicted underspend on salary costs in Landscape and Planning Delivery cost centres		(12)
<u>Income</u>		
-		0
		<u>(12)</u>
Strategic management		
<u>Expenditure</u>		
Work on the CAA has been put on hold		(18)
<u>Income</u>		
-		0
		<u>(18)</u>
Contingency		
-		<u>0</u>
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
	<u>440</u>

Current pressure predicted in year **13**

Financial Implications

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

Legal Implications

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

Risks

7. 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

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

Conclusion

9. Current outturn prediction is £12,565 overspend (0.1% of net budget). It is anticipated that will be absorbed during the current financial year.

Background Papers

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