

Executive Report



5 November 2010

Report of Head of Finance

Author: Bob Watson, Chief Accountant

Telephone: 0044 1235 540426

E-mail: bob.watson@southandvale.gov.uk

Wards affected: All

Executive member responsible: Richard Webber

Tel: 01235 534001

E-mail: richard.webber@whitehorsedc.gov.uk

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

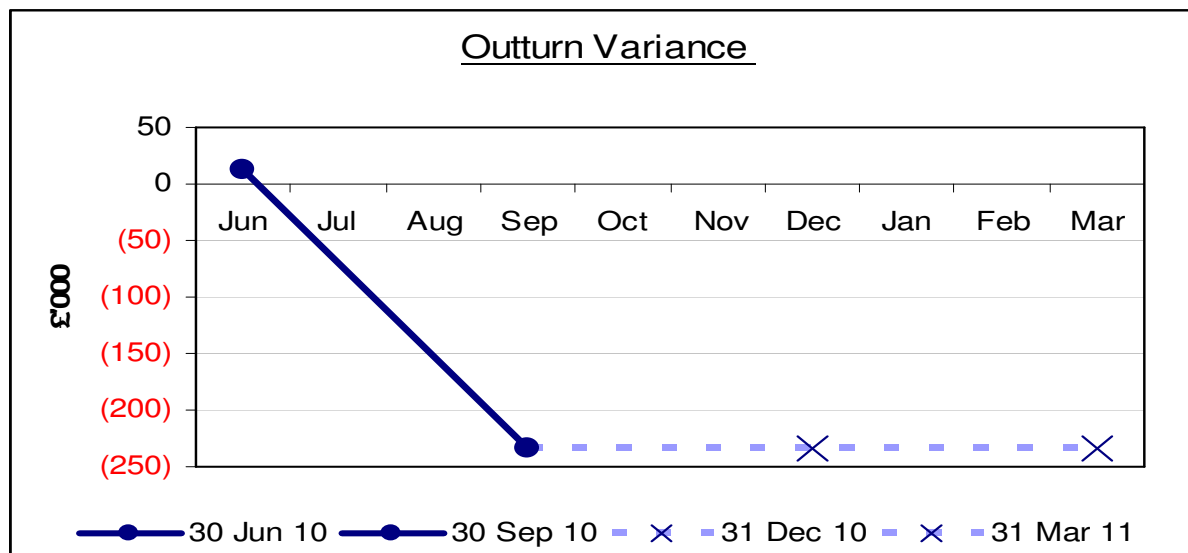
1. The report details the current revenue and capital expenditure position for the first two quarters of 2010/11. The report is submitted to the Executive to assist it in fulfilling its service delivery and budget management roles.

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.

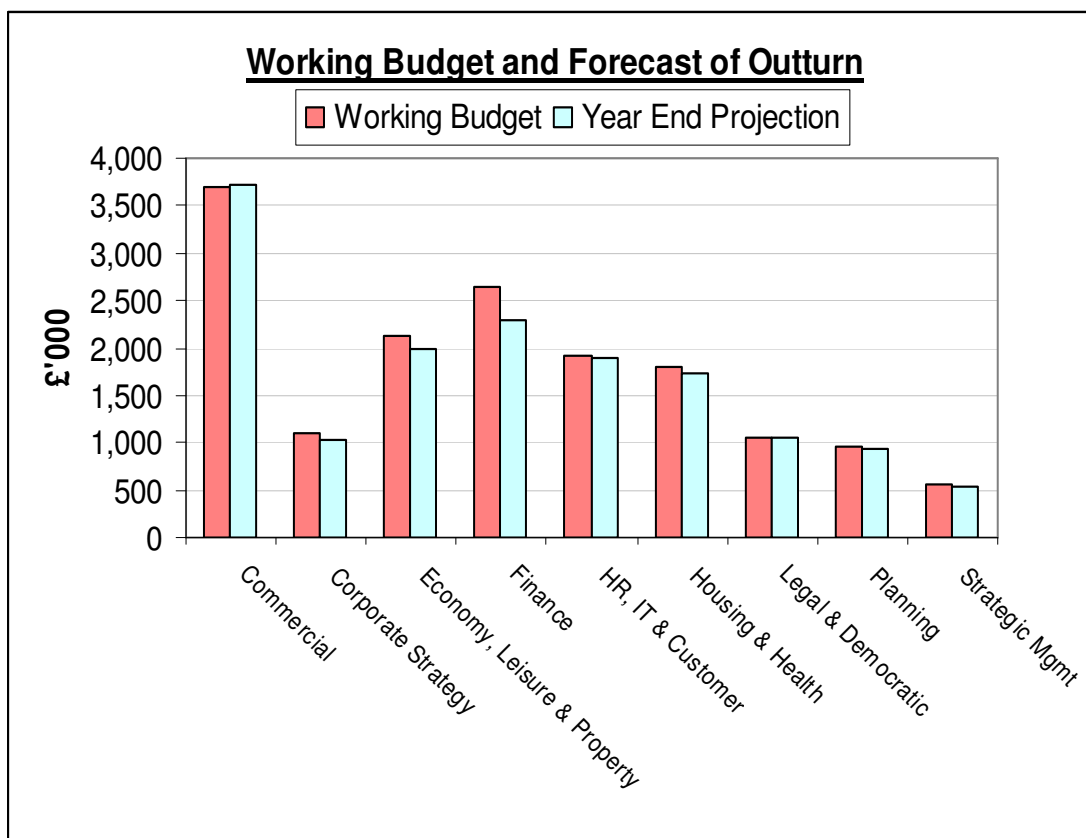


5. Service areas are reporting a net predicted outturn of £674,184 under budget but this is currently offset by a predicted “Below the Line” pressure of £440,020 due to lower than budgeted income from investments and the withdrawal of the Housing and Planning Deliver Grant (HPDG) and Local Area Business 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> | |
| Underspend 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 the Mobile 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.