

 <b>Executive – 16<sup>th</sup> November 2011</b>		<b>Agenda Item No. 6</b>
<b>Title</b>	Budget Monitoring to 30 <sup>th</sup> September 2011	
<b>For further information about this report please contact</b>	Mike Snow      Tel 01926 456800 Andy Crump      Tel 01926 456810	
<b>Wards of the District directly affected</b>	None	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	N/A	
<b>Background Papers</b>	No	

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	No
<b>Included within the Forward Plan? (If yes include reference number)</b>	Yes
<b>Equality &amp; Sustainability Impact Assessment Undertaken</b>	No

<b>Officer/Councillor Approval</b>		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive	14/10/11	Chris Elliott
Head of Service	12/10/11	Mike Snow
CMT	14/10/11	
Section 151 Officer	12/10/11	Mike Snow
Monitoring Officer	14/10/11	
Finance	12/10/11	Jenny Clayton
Portfolio Holder(s)	14/10/11	Andrew Mobbs
<b>Consultation &amp; Community Engagement</b>		
Insert details of any consultation undertaken or proposed to be undertaken with regard to this report.		
<b>Final Decision?</b>		Yes/No
<b>Suggested next steps (if not final decision please set out below)</b>		

## 1. **SUMMARY**

- 1.1 To inform Executive of the latest position on Revenue and Capital Expenditure for both General Fund and HRA, based on September 2011 budget monitoring information provided budget managers.

## 2. **RECOMMENDATION**

- 2.1 Executive notes the budget positions for the current year for the General Fund (£112,500 adverse, paragraph 7.1), and HRA (£39,300 favourable, paragraph 16.4) and Capital (£232,900 underspend, Appendix B) and agrees to slip the funding for the HRA Service Improvement Plan Posts to 2012-13, £40,000.
- 2.2 Executive notes the expected £2,500 underspend on the Capital Programme and agrees to capital slippage of £230,400 as set out in, paragraph 18.1 and Appendix B.
- 2.3 Executive notes the latest position on Earmarked Reserves brought forward from 2011-12 and agrees to return £31,800 to the Contingency Budget as well as well as slipping £367,000 to 2012-13 as set out in paragraph 9.4.

## 3. **REASONS FOR THE RECOMMENDATION**

- 3.1 To bring to Members attention the latest budget position for the current financial year. Quarterly reports are brought to the Executive, this report informs Members of the latest projections based upon the first six months of the financial year.
- 3.2 The latest projections for the General Fund identify there are several areas which will overspend. The relevant managers are being asked to review these pressures and take remedial action to address these deficits.
- 3.3 It was agreed, by August Executive, that a detailed analysis of the Earmarked Reserves brought forward from 2011-12 would be provided to this meeting.
- 3.4 To bring to Members attention the latest position on the Capital Programme and for them to agree the slippage contained in Appendix B.
- 3.5 More details for the recommendations above are expanded upon below.

## 4. **POLICY FRAMEWORK**

### 4.1 **Policy Framework**

This report is in accordance with the Council's Financial Strategy as last approved by the Executive in February.

### 4.2 **Fit for the Future**

One of the key elements of Fit For the Future is ensuring that the Council achieves the required savings to enable it to set a balanced budget whilst maintaining service provision. It is essential that the current year's budget is regularly monitored and any variations impacting on future years incorporated into the Medium Term Financial Strategy and savings need to be achieved through the Council's Fit for the Future Programme.

## 5. BUDGETARY FRAMEWORK

- 5.1 The Council needs to find financial savings of approaching £3m over the next five years on a net General Fund Budget of £18m. Savings found will help the Council to achieve this figure.
- 5.2 This report is the latest forecast position as at 30<sup>th</sup> September 2011. However more work is ongoing and further details will be reported, in depth, to Executive in December as part of the Revised Estimates/Base Budget report.

## 6. ALTERNATIVE OPTION(S) CONSIDERED

- 6.1 Not reporting to Executive on a regular basis, however, in the current financial climate, it is imperative that budgets are reviewed, monitored and reported upon on a continuous basis.
- 6.2 Not slipping capital to the correct year, in which it is intended to be spent, makes monitoring of projects difficult. Members would not have relevant, up to date information from which they can make decisions about capital projects and funding.

## 7. BACKGROUND

- 7.1 The current General Fund service expenditure position is a projected overspend of **£112,500** compared to the latest 2011-12 budgets.

	<b>£</b>
<b>Latest Annual Budget</b>	<b>22,079,900</b>
<b><i>Projected net variance to latest budget</i></b>	<b>112,500</b>
Net Cost of General Fund Services (Projected 2011/12 Outturn)	<b>22,192,400</b>

The following table details the variances from the latest proposed General Fund budget for 2011/12:

<b>November 2011 General Fund Variances:</b>	<b>November 2011</b>
<b>Variance for Strategic Leadership Portfolio</b>	<b>23,300</b>
<b>Variance for Culture Portfolio</b>	<b>49,900</b>
<b>Variance for Development Portfolio</b>	<b>172,200</b>
<b>Variance for Neighbourhood Portfolio</b>	<b>110,000</b>
<b>Variance for Environment and Community Protection Portfolio</b>	<b>(10,900)</b>
<b>Variance for Finance Portfolio</b>	<b>(49,100)</b>
<b>Variance for Corporate and Community Services Portfolio</b>	<b>800</b>
<b>Sub-Total of Variances £5,000 or greater</b>	<b>296,200</b>
Total of Variances under £5,000:	<b>(3,300)</b>
Project net Salary Variation	<b>(180,400)</b>
<b>Grand Total of Variances affecting General Fund Balances</b>	<b>112,500</b>

<b>November 2011 General Fund Variances:</b>	<b>November 2011</b>

More details of the variances for the Portfolios are shown in Appendix C

## **8 INCOME**

- 8.1 Key or high risk income areas are being monitored closely, with more detailed explanations of variations being produced. The latest projection for Car Parking income is a deficit of £100,000; whilst footfall in Leamington and Warwick Town Centres has fallen this has not proven as much as previously reported to the Executive in August (£206,000 shortfall). The Parking Services Manager is actively seeking to redress this but the ability to do so is restricted by the current economic climate.
- 8.2 Key income budgets have been reviewed and detailed information can be seen in the table below.

Service	Income Budget £	Income to 30/9/11 £	% of Income Budget	Income to 30/9/10 £	% 2010/11 Actual
Dev Control	418,500	207,600	49.6%	254,500	49.3%
Build Control	480,500	251,300	52.3%	282,800	59.7%
Land Charge	194,100	116,300	59.9%	97,900	51.4%
Spa Centre	829,500	264,600	31.9%	340,300	53.0%
Parking	2,420,200	1,196,400	49.4%	1,190,700	51.0%
Swims/Gyms	892,000	503,100	56.4%	478,200	53.4%
Recycling	935,100	375,000	40.1%	328,000	39.8%

- 8.3 Rental income is estimated to be £240,000 down against the current year budget. This includes the St Mary's Lands Rent Review which is subject to a separate report to this meeting.

## **9 EARMARKED RESERVES**

- 9.1 Slippage by way of Earmarked Reserves was agreed in June and have been added into the 2011-12 budget. They are being monitored separately and reported to Executive on a quarterly basis.
- 9.2 Details of these reserves can be seen in Appendix A and total, excluding the £86,800 put to Contingency, £1,253,600.
- 9.3 The Earmarked Reserve used as a Guarantee for Friends of the Pump Rooms Improvement Scheme may not be needed if the Friends are successful in finding additional grant funding for this project. If this was to be the case, it would be reported to Executive to seek approval for it to be returned to the General Fund.
- 9.4 The Feasibility Study for option appraisals of Various WDC Assets in Leamington Spa will return £20,000 to the Contingency Budget, whilst the Community Partnership are also in a position to return £11,800 to this budget. Some schemes (mainly relating to Spencer's Yard), totalling £367,000, are not

expected to commence until the new financial year and being recommended to be carried forward to 2012-13.

## 10 SALARIES

- 10.1 £180,400 of potentially favourable salary variations for the year have been reported this month.
- 10.2 More detailed work is being carried out as part of the Revised Estimate process and this will confirm the validity of this figure.

## 11 POSTAGES/PRINTING/COPYING

- 11.1 As part of the Support Services Review, the mechanism for the charging of the Advertising and Design work in the Printroom has been changed to make it more transparent. Alongside this the Council has entered into a new contract whereby it has leased new Photocopiers/Printers which will achieve savings. The exercise to realign these budgets and reduce them to reflect the efficiency and procurement savings has proven more complex than initially envisaged. It is now intended that the full impact of these revisions will be incorporated into the Revised (2011-12) and Original (2012-13) Budgets to be presented to Members for their approval in December.

## 12 PROCUREMENT SAVINGS

<b>Original Budget 2011-12 (General Fund)</b>	<b>£201,000</b>
Tree inspector tender	(£4,300)
Maintenance contract pay on foot car parks	(£6,700)
Gas Contract	(£1,000)
Cleaning for homelessness properties	(£2,500)
Catering estimated	(£1,800)
Photocopying/printroom	(£15,600)
Vending Machine Income	(£6,300)
Cash Collection	(£5,600)
Postages	(£28,800)
<b>Savings still to be identified</b>	<b>£128,400</b>
<b>Memorandum Items</b>	
Vehicle leasing -	(£2,700)
Stock Condition Survey	(£2,700)
Local Plan Brief	(£6,400)
Paining and Joinery minor works	(£100,000)
<b>Car Park resurfacing</b>	<b>(74,000)</b>
<b>HRA Savings (increases HRA balances)</b>	
Cleaning contract for HRA communal areas.	(£28,900)
Photocopying/printroom	(£2,000)

- 12.1 In July, Members received a report in respect of the new Catering Contract, whereby it was reported that procurement of this contract will achieve £8,000 additional income in the current financial year, and £31,300 in 2012-13 (an additional £23,300). Later figures following the ongoing detailed contract discussions show these figures to be overstated, with an additional £1,800 expected in 2011/12 and £8,200 in 2012/13. Appendix D provides Members with more details on the latest position.
- 12.2 £201,000 savings from Procurement have already been included in the 2011-12 budget, to date £72,600 procurement savings have been identified and they reduce this target to £128,400. Progress on achieving this figure will be reported regularly. Procurement is on target to achieve the budget savings provided service areas are willing to release the savings.
- 12.3 The memorandum items mentioned in the table above relate to savings for reserve funded items (Stock Condition Survey and Local Plan Brief) and vehicle leasing (funded by Warwickshire County Council under car parking decriminalisation), where savings have been made in the procurement process but there is no effect on the General Fund due to the way they are funded.
- 12.4 Further savings are in the process of being identified, both for General Fund and HRA, and these will be reported once they have been clarified and confirmed. Following on from this, it will be possible to confirm whether the full level of procurement savings is likely to be secured this year. This will be subject to a future report to the Executive.

### **13 FIT FOR THE FUTURE**

- 13.1 £253,500 savings to be achieved from Fit for the Future had been included in the 2011-12 Budget, this has now reduced to £205,200 as approved by the Executive in July. Progress on achieving this figure will be reported regularly. There are also savings of £2,500 attributable to the HRA. Further work is on-going to confirm whether the full level of savings will be secured this year. This will be subject to a future report to the Executive.

### **14. CONTINGENCY**

- 14.1 The current year's budget is now £209,800 after allocations throughout the year. However, this does not reflect the underspends on Earmarked Reserves (£31,800) which are being recommended to be returned to this budget in paragraph 9.4. Should this be agreed the budget would stand at £241,600.

### **15 RISKS**

- 15.1 The budget for Benefits is £40m. Expenditure on this budget is "demand lead". Last financial year, there was a £460,000 variance on this budget. Latest work suggests this budget is still on target. However more detailed scrutiny is continuing to take place. The Revised/Base Estimates report in December will present the latest position.

### **16. HRA – Revenue**

- 16.1 Delays in appointing to approved posts following the Service Improvement Plan (SIP) Report to Members in February have resulted in savings of approximately

£40,000 to date on HRA Salary budgets for 2011-12. However, it is likely that this money will be required in 2012-13 and it is being recommended to be slipped to then.

- 16.2 The amount being spent on Consultants for HRA is being reduced and will produce a favourable variance of £44,300.
- 16.3 Unavoidable essential training needs have been identified to fulfil CPD requirements. These have not been budgeted for and will produce an overspend of £5,000.
- 16.4 As a result of changes highlighted in paragraphs 16.1 to 16.3, as well as the Fit for the Future saving mentioned in paragraph 13.1, the HRA budget will produce a favourable variance of £39,300 excluding the slippage to 2012/13.

## **17 CAPITAL – H.I.P**

- 17.1 No budget savings have been identified on HRA Capital or Housing General Fund Capital. There may be ultimately some slippage on the asbestos programme but this is yet to be quantified and should be finalised in the Revised Estimates.
- 17.2 The Capital Programme has been increased to take into account the recent decision about P.V. Panels for council houses and certain corporate properties.

## **18. CAPITAL**

- 18.1 Slippage, to 2012-13, of 230,400 has been identified, along with small underspends totalling £2,500. This relates to Green Farm play equipment (£26,800), Rural/Urban Capital Improvement Scheme (£100,000) Replacement PCs and Printers (£18,600), HS2 (£40,000) and Chase Meadow Community (£45,000). Reasons for this can be seen in Appendix B and Members are asked to approve this slippage.