

Report to: Cabinet Member for Resources Portfolio

For: 29 September 2009

Report By: Strategic Director & Section 151 Officer

Written By: Sue Page (Financial Services)

BUDGET MONITORING 2009/10 - Revenue Cash Limit and Capital Programme

1. Purpose of Report

1.1 To inform the Executive Member of the forecast revenue expenditure outturn against the cash limited budget and the forecast capital expenditure compared to the capital programme for the Resources Portfolio.

2. Recommendations

2.1 That the position regarding the revenue forecast for 2009/10 be noted.

2.2 That the forecast capital programme expenditure be noted.

3. Background

3.1 Cash Limit 2009/10

	£'000
Net Requirement approved by City Council (10 February 2009)	28,411
Add	
Approved items brought forward from 2008/9	280
Adjustment for pay award inflation	(42)
Budgets transferred from other portfolios	300
Sub Total	28,949
Less – Capital charges	648
- Insurance Costs	464
Revised Controllable Cash Limit for Resources Portfolio 2008/09	<u>27,837</u>

3.2 Provisional Outturn 2009/10

	£'000	% of Budget
Actual Net Expenditure April 2009 to June 2009	6,006	21.5%
Forecast Net Expenditure to 31 March 2010	<u>21,818</u>	78.4%
Total Forecast Controllable Expenditure 2009/10	27,824	99.9%
Controllable Cash Limit 2009/10	<u>27,837</u>	
Forecast Variance	<u>(13)</u>	(0.1)%

3.3 Appendices

An analysis of this Portfolio's forecast outturn is attached at Appendix A.

An analysis of this Portfolio's capital expenditure for 2009/10 is attached at Appendix B

4. Manager's comments (to be read in conjunction with Appendix A)

4.1 Revenue Expenditure

The forecast outturn for the Portfolio compared to the approved cash limited budget indicates a net underspend of £13,253. However, this sum includes an under recovery of income of £59,600 from Land Charges. The Land Charges budget is deemed to be a windfall budget which means that it is largely out of the control of budget managers. Savings on windfall budgets accrue to the corporate centre. Overspendings on windfall budgets, that cannot be absorbed within the Portfolio budget, are funded corporately. Excluding the impact of the loss of Land Charges income, the overall forecast outturn is an underspend of £72,853.

The main areas of variance are as follows:

- Project management/feasibility budget not fully committed at present
- Slippage in savings from Best Value Review of Community Involvement Strategy
- Planned underspending in Landlords Maintenance to meet contribution to capital scheme
- Cost of continuing operation of Staff Club
- Democratic Representation & Management-Members Expenses
- Corporate Management – Audit Fees

A more detailed explanation for these variations is provided below together with details of the recovery measures in progress to reduce the shortfalls.

4.2 Miscellaneous Expenses – Forecast underspend £41,824

This budget heading includes provision of £63,000 for Feasibility Studies. The allocation of this budget is determined by the Project Management Board (PMB). At this stage of the year, only £10,000 of this budget has been committed. However, this forecast will change as further schemes are agreed by the PMB.

4.3 Community Involvement, Empowerment and Development –Forecast overspend £49,000

This variance represents a shortfall in the value of savings for 2009/10 approved within the 2008/09 Budget on 12 February 2008. At that time it was anticipated that the Best Value review of Community Involvement would identify a new structure for Community Engagement that would generate efficiencies across Council services involved with the community sector. The incidence of these savings was unknown at the time and so the total sum was included with the CIED budget until the detailed

savings could be identified and reallocated to the relevant services.

Although the investigation phase of the review has been completed, this could not be taken forward due to the vacancy of a key post. Once a Community Engagement Manager is appointed, the postholder will seek to finalise the review and recommend new structural arrangements for Community support across the Council. In the meantime, the Head of Service will seek to find alternative savings in the current year to meet the shortfall in 2009/10.

4.4 Landlord's Maintenance – Forecast underspend £65,900

This is a planned underspending representing the additional funding contribution to the Guildhall Bells capital scheme agreed at the meeting of this Portfolio on 9 July 2009. The Portfolio's cash limited budget will be reduced by the value of the contribution.

4.5 Administration Expenses – forecast overspend £40,000

This budget heading includes the costs of the continuing operation of the Staff Club. Funding of this facility was withdrawn as part of the 2009/10 budget savings approved by the City Council in February 2009. Discussions between the Cabinet Member and the Staff Club Management committee regarding future operations are ongoing. The forecast overspend reflects the full year cost of continuing operation of the facility at the current level of activity.

4.6 Democratic Representation & Management

This budget includes the cost of Democratic Services, City Solicitor/Monitoring Officer, Section 151 Officer, Committee meetings, Corporate Subscriptions and Members expenses and support costs.

There is a forecast overspend of £28,000 on Members Expenses arising partly from the additional responsibility allowances for the additional Portfolio approved in May 2009. There are also increased costs on employer's superannuation contributions for Members and other support costs not budgeted for.

Current forecast vacancies in Democratic Services have offset these costs at present but will not be ongoing as appointments are made to the posts.

4.7 Corporate Management – forecast underspend £55,856

Budget provision for District Audit fees, Strategy, Chief Executive's office and Strategic Directors is included within this heading. Currently the forecast outturn for DA fees is lower than budgeted and there is a staffing vacancy within the Strategy unit. These forecast savings will be applied to offset budget shortfalls elsewhere in the Portfolio

4.8 Summary

At the end of the first quarter, this portfolio has a forecast underspending of £13,253. If the windfall costs for Land Charges cannot be absorbed within the Portfolio and

are funded corporately, the forecast underspend is £72,853. This sum includes the planned underspend of £65,900 on Landlord's Maintenance agreed as a funding contribution to the Guildhall Bells capital scheme. The Portfolio's total cash limited budget will be reduced by this sum resulting in a final net position of a forecast underspend of £6,953. This equates to .025% of the total budget

5. Capital Expenditure

5.1 The 2009/10 capital estimates, updated for slippage from 2008/9, and forecast outturn for this portfolio are summarised in Appendix B. Currently, there are no reported overspendings on existing approved schemes to report.

Sources of finance being used to fund the capital programme are also expected to be secure and used in accordance with any conditions attached to them.

6. City Solicitor's Comments

6.1 The City Solicitor is satisfied that it is within the Council's powers to approve the recommendations as set out.

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Roger Ching
STRATEGIC DIRECTOR & SECTION 151 OFFICER
09 Sept 2009

Access to Information

Background papers: Monitoring files held in Financial Services

RESOURCES PORTFOLIO

Appendix A

REVENUE STATEMENT to June 2009

	Budget 2009/10 £	Budgeted Expenditure to 30/06/2009 £	Actual Expenditure to 30/06/2009 £	Forecast 2009/10 £	Variance (Fav)/Adv £	Variance (Fav)/Adv %.
WITHIN CONTROLLABLE CASH LIMIT						
1 Miscellaneous Expenses	(10,700)	(272,348)	80,771	(52,524)	(41,824)	(15.36)%
2 Project Management, Risk & Insurance	280,800	41,880	80,505	266,900	(13,900)	(4.95)%
3 Procurement Service	110,900	27,834	(60,776)	112,500	1,600	1.44%
4 Internal Audit	395,800	99,030	81,839	395,500	(300)	(0.08)%
5 Customer First	1,697,000	1,780,320	447,821	1,697,000	0	0.00%
6 Community Involvement, Empowerment & Development	1,259,000	315,150	397,602	1,308,000	49,000	3.89%
7 Legal Services	786,100	196,727	270,846	770,474	(15,626)	(1.99)%
8 Financial Services	5,384,300	1,454,123	1,551,732	5,384,300	0	0.00%
9 Human Resources	2,936,300	824,280	635,954	2,951,996	15,696	0.53%
10 In House Agency	(144,000)	(31,005)	(35,268)	(144,000)	0	0.00%
11 IT Services Unit	5,339,200	1,136,700	924,142	5,339,200	0	0.00%
12 AMS	2,186,700	566,395	500,943	2,175,800	(10,900)	(0.50)%
13 Landlords Repairs and Maintenance	3,016,200	730,773	(185,759)	2,950,300	(65,900)	(2.18)%
14 Staff restaurant	51,200	12,810	21,510	66,200	15,000	29.30%
15 Spinnaker Tower	(454,800)	(113,700)	341,909	(434,800)	20,000	4.40%
16 Administration Expenses	152,100	0	11,372	192,100	40,000	26.30%
17 Benefits	(856,100)	(214,017)	(574,214)	(856,100)	0	0.00%
18 Local Taxation	299,300	80,298	212,384	287,800	(11,500)	(3.84)%
19 Benefits Administration	1,996,900	501,567	538,186	1,996,700	(200)	(0.01)%
20 Discretionary Non Domestic Rate Relief	154,500	0	10	154,500	0	0.00%
21 Land Charges	(140,800)	(35,200)	(27,920)	(81,200)	59,600	42.33%
22 Democratic representation & Management	1,714,200	512,175	435,099	1,716,027	1,827	0.11%
23 Corporate Management	1,682,800	479,352	357,623	1,626,974	(55,826)	(3.32)%
NET EXPENDITURE - CASH LIMIT	27,836,900	8,093,144	6,006,311	27,823,647	(13,253)	(0.05)%

RESOURCES PORTFOLIO

Capital Monitoring Statement - 2009/10
As at 30 June 2009

Meeting Date : 29 September 2009

Appendix B

Schemes in Progress 2008/9

INFORMATION TECHNOLOGY

1 City Wide Communications Network

Source of Finance	Expenditure to 31-Mar-09 £	Revised Budget 2009/10 £	Expenditure to Date 30-June-09 £	Forecast Expenditure 2009/10 £	In Year Variance Overspending/ (Savings) £	Total Scheme Budget £	Final Cost £	Total Scheme Variance £	Progress to Date/ Comments
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E-GOVERNMENT

2 Customer Relationship Management system

MISCELLANEOUS DEVELOPMENTS

3 Guildhall Square - Disabled Access

4 Guildhall Bells Repairs

5 Professional Fees

6 Landlord's maintenance - capitalised repairs

7 Project Management

8 Computer Upgrades

New Starts 2008/09

9 ICT Security - Data Encryption

10 Landlords Maintenance - Capital Contingency

11 Disability Discrimination Act - Building Modifications

Cap Rec		9,300	0	9,300	0	9,300	9,300	0	
Cap Rec		43,000	0	43,000	0	43,000	43,000	0	
Cap Rec	11,100	0	0		0	11,100	11,100	0	Programme of Investment deferred due to the revalidation of the CRM strategy and a delay in the Government Connect national project.
Cap Rec	45,000	205,000	12,082	205,000	0	250,000	250,000	0	Deferred from 2009/10
RCCO		70,000		70,000	0	70,000	70,000	0	
Cap Res	547,500	58,400	33,830	58,400	0	605,900	605,900	0	Scheme complete
Cap Rec	-	654,900	0	654,900	0	654,900	654,900	0	A budget of £654,900 approved as a provision for schemes anticipated to be overspent on fixed fee costs. This will be reviewed and updated as part of the revised capital programme.
Cap Res	582,800	1,095,100	7,340	1,095,100	0	1,677,900	1,677,900	0	
Cap Rec		283,500	0	0	(283,500)	283,500	283,500	0	General Provision to address any project management shortfall in resources which would inhibit the delivery of major projects. Specific allocations are subject to approval through Strategic Directors Board.
Cap Fund	753,900	865,400	380,318	865,400	0	1,619,300	1,619,300	0	Upgrade to PC's/software/e-mail systems funded from IT Reserve & RCCO's.
	1,940,300	3,284,600	433,571	3,001,100	-283,500	5,224,900	5,224,900	0	
Cap Rec	184,400	158,600	39,454	158,600	0	343,000	343,000	0	
Cap Res		500,000	0	500,000	0	500,000	500,000	0	Schemes approved to date include repairs to Eastney Pumping station façade at £113k. Other schemes are under consideration.
Cap Res		100,000	0	100,000	0	100,000	100,000	0	Schemes have been identified for consideration
	184,400	758,600	39,454	758,600	0	943,000	943,000	0	

RESOURCES PORTFOLIO

Capital Monitoring Statement - 2009/10
As at 30 June 2009

Meeting Date : 29 September 2009

Appendix B

Schemes in Progress 2008/9
New Starts 2009/10

Source of Finance	Expenditure to 31-Mar-09	Revised Budget 2009/10	Expenditure to Date 30-June-09	Forecast Expenditure 2009/10	In Year Variance Overspending/ (Savings)	Total Scheme Budget	Final Cost	Total Scheme Variance	Progress to Date/ Comments
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12 Civic Offices - Telephone Exchange	Cap Rec	960,000		0	(960,000)	960,000	960,000	0	Initial investigations and Strategy agreement in progress. (Procurement options including discussion with other LA's re. sharing procurement/services now underway) - it is now likely that we will not spend this until 2010/2011.
13 Remote Access - Mobile/Homeworking	Cap Rec	50,000		50,000	0	50,000	50,000	0	
14 ICT - Database Corporate Server	Cap Rec	42,000		42,000	0	42,000	42,000	0	
15 Guildhall - Upgrade to Entrance/Box Office	Cap Rec	300,000		300,000	0	300,000	300,000	0	Contingency provision pending receipt of the tender for the Guildhall Management contract.
16 IT Systems - D&CES	Cap Rec	110,000		110,000	0	110,000	110,000	0	This capital budget is required to fund three schemes; Audio Visual facilities in the Council Chamber, a replacement Elections System, a Software system to support the work of Democratic Services.
17 Gatcombe Wall Repairs	Cap Rec	50,000		50,000	0	50,000	50,000	0	
18 Capital Grant - St Mary's Churchyard Lighting	Cap Rec	10,000		10,000	0	10,000	10,000	0	
		0	1,522,000	0	562,000	(960,000)	1,522,000	1,522,000	0
GRAND TOTAL		2,124,700	5,565,200	473,025	4,321,700	-1,243,500	7,689,900	7,689,900	0

Source of Finance

Capital Receipts	240,500	2,876,300	51,537	1,632,800	-1,243,500	3,116,800	3,116,800	0
Revenue Reserve/RCCO	0	130,000	0	70,000	0	130,000	70,000	0
Grants	0	0	0	0	0	0	0	0
Contributions								
IT Capital Reserve	753,900	865,400	380,318	865,400	0	1,619,300	1,619,300	0
Capital Reserve	1,130,300	1,693,500	41,170	1,753,500	0	2,823,800	2,883,800	0
	2,124,700	5,565,200	473,025	4,321,700	(1,243,500)	7,689,900	7,689,900	0