



Decision maker: Cabinet Member for Resources Portfolio

Subject: Monitoring of the Second Quarter 2009/10 Revenue Cash Limits and Capital Programme

Date of decision: 1st December 2009

Report by: Strategic Director and S151 Officer
(Written by Sue Page & Paul Thomas)

Wards affected: ALL

Key decision: No

Budget & policy framework decision: No

1. Summary

This report compares the controllable cash limit for 2009/10 with the forecast outturn for that year, and provides information to enable an understanding of the reasons for variances. It also lists the action to be taken to ameliorate the effect of forecast overspends.

2. Purpose of report

To inform the Cabinet Member and Opposition Spokespersons of:

- 2.1 The forecast revenue expenditure for the year compared with the cash limited budget.
- 2.2 The forecast capital expenditure against the capital programme for the Resources portfolio.

3. Background

3.1 Cash Limit 2009/10

	£'000s
Net Requirement	28,949
Less revenue contribution to capital	(66)
Less - Capital Charges	648
- Insurance Costs	464
<i>Controllable Cash Limit 2009/2010</i>	<i>27,771</i>

<u>Forecast Outturn 2009/10</u>		% of
	£'000s	Budget
Actual Net Expenditure April 2009 to Sept 2009	13,688	49.3
Forecast Net Expenditure to 31 March 2010	14,208	51.2
Total Forecast Controllable Expenditure 2009/10	<u>27,896</u>	100.5
Controllable Cash Limit	<u>27,771</u>	
Forecast Variance	<u><u>125</u></u>	0.5

3.2 Appendices

An analysis of this Portfolio's variations from the revenue cash limit is attached at Appendix A.

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

3.3 Managers' Comments

(Please read in conjunction with the attached Appendix A)

3.4 Revenue Expenditure

The forecast outturn for the Portfolio compared to the cash limit indicates a net overspend of (£124,651). However, this sum includes an under recovery of income of £33,840 from Land Charges and a net overspend of £25,769 on Housing Benefits (Rent Allowances & Rent Rebates). Both of these budgets are deemed to be windfall budgets which means that they are 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 and the forecast overspend on Housing Benefits, the overall forecast outturn is an overspend of £65,042.

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
- Overspending in Landlords Maintenance arising from essential Health & Safety Works
- Cost of continuing operation of Staff Club
- Democratic Representation & Management-Members Expenses
- Corporate Management – Audit Fees

3.4.1 Miscellaneous Expenses – Forecast underspend £44,054

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.

3.4.2 Community Involvement, Empowerment and Development- Forecast overspend £38,400

There is an anticipated overspend in the DACE budget of £50k in the current financial year, as a consequence of savings agreed in the budget in 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 the total sum was included with the CIED budget until the detailed savings could be identified and reallocated to the relevant services, which remains an uncertain prospect, both in terms of the sums of money available and the practicalities of achieving such savings. It is not realistic for the DACE budget to absorb these savings in the current financial year, or indeed in the longer term.

3.4.3 Landlord's Maintenance – Forecast overspend £45,000

The Head of Maintenance in AMS reports that urgent Health & Safety works are required arising from condition surveys undertaken at Cumberland House and the Guildhall. The surveys indicated aspects of these buildings in very bad condition and the priority work amounting to £45k required to rectify this. As the current year's Landlord's Maintenance budget is fully committed, completion of these works will result in a forecast overspend of £45k. Although the Head of Service may endeavour to find savings in other budgets under his control, should this be unachievable, these works will be funded from next year with an equivalent clawback from the 2010/11 Landlord's Maintenance budget to offset the additional costs in 2009/10.

3.4.4 Administration Expenses- Forecast overspend £32,000

The forecast overspend represents the revised net costs of the continuing operation of the Staff Club in the current year up to closure at the end of October. Funding for this facility was withdrawn as part of the 2009/10 budget savings approved by the City Council in February 2009.

3.4.5 Democratic Representation & Management- Forecast overspend £1,300

As previously reported to this meeting, although this budget is only showing a small overspend, it does include a predicted overspend of £25,400 on Members Expenses as the budget is insufficient to cover the costs of the additional Portfolio responsibility allowance approved in May 2009, the increased costs of superannuation and other Members support costs. The impact of this overspend is offset by vacancies savings in Democratic and Members Support services.

3.4.6 Corporate Management – Forecast underspend £53,545

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.

3.5 Summary

At the end of the second quarter, this portfolio has a forecast overspending of £124,651. If the windfall costs for Land Charges and the additional costs forecast for Housing Benefits cannot be absorbed within the Portfolio and are funded corporately, the forecast overspend is £65,042. This represents 0.23% of the total budget for the Portfolio.

Budget principles approved by the City Council on 9 October 2007 state that overspendings against cash limits in the current year will be deducted from the following year cash limited budgets. This will impact on Service budgets in addition to any savings approved at the Budget meeting in February 2010.

3.6 Capital Programme

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.

3.6.1 The following schemes warrant separate comment on their current status:

Guildhall Square – Disabled Access £320,000 (Item No 3)

The total approved estimate for this project is £320,000, difficulty has been experienced in finding a design that is robust enough for the location that meets the requirements of the Planning Department, this has now been resolved. A satisfactory outcome can be achieved within the balance of funding available, ie £275,000.

Project Management £283,500 (Item No 7)

Following a review of the City Council's Project Management capacity in 2007, it was agreed to set aside a capital sum of £283,500 to be called upon to supplement Project Management resources that would otherwise inhibit the delivery of major projects. Specific allocations are subject to approval through the Strategic Directors Board. To date there has not been a need to call upon this provision, hence an in year underspend of £283,500 is forecast.

Landlord's Maintenance – Capital Contingency £500,000 (Item No 6)

The City Council at the annual budget meeting held on 12 February 2008 approved a budget allocation of £500,000 be set aside within the Capital Programme as a Landlord's Maintenance Capital Contingency to guard against the closure of operational buildings that would be at risk because of insufficient expenditure on repairs and maintenance. To date only the one scheme, Repairs to the façade of the Eastney Pumping Station at a cost of £113,000 is being

funded from this source. Therefore, this leaves a balance of £387,000 to be called upon as a source of finance for future essential capitalised repairs deemed necessary for buildings used in the delivery of front line services to the public.

Disability Discrimination Act – Building Modifications £100,000 (Item No 11)

A programme of improvements to five properties at an estimated cost of £100,000 was approved under an MIS item dated 25 September 2009.

4. Recommendations

4.1 The content of this report be noted.

5. Reasons for recommendations

5.1

6. Options considered and rejected

6.1

7. Duty to involve

7.1 The nature of this report is informative. The results will be made public through the democratic process.

8. Implications

8.1 These are indicated in the background section.

9. Corporate priorities

This report and the project it refers to contribute to the following Corporate Priorities:

- Improve efficiency and encourage involvement

10. Equality impact assessment (EIA)

An Equality Impact Assessment is not required as there are no proposed changes to services, policies, or procedures included in the recommendations.

11. Legal implications

The City Solicitor has formally considered this report for legal issues.

12. Head of finance's comments

This report presents an update on the revenue and capital budget positions as at the end of September 2009.

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Signed by: Strategic Director

Appendices:

- A Revenue Outturn Statement**
- B Capital Monitoring Statement**

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by Cabinet Member for Resources on 1st December 2009.

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Signed by: Cabinet Member for Resources

RESOURCES PORTFOLIO

Appendix A

REVENUE STATEMENT to Sept 2009

	Budget 2009/10 £	Budgeted Expenditure to 30/09/2009 £	Actual Expenditure to 30/09/2009 £	Forecast 2009/10 £	Variance (Fav)/Adv £	Variance (Fav)/Adv %.
WITHIN CONTROLLABLE CASH LIMIT						
1 Miscellaneous Expenses	(2,700)	(237,097)	377,749	(46,754)	(44,054)	(18.58)%
2 Project Management, Risk & Insurance	280,800	83,760	174,336	296,800	16,000	5.70%
3 Procurement Service	110,900	55,668	62,517	109,900	(1,000)	(0.90)%
4 Internal Audit	395,800	198,060	164,786	395,200	(600)	(0.15)%
5 Customer First	1,697,000	1,752,523	864,426	1,699,150	2,150	0.13%
6 Community Involvement, Empowerment & Development	1,259,000	630,300	646,863	1,297,400	38,400	3.05%
7 Legal Services	786,100	393,454	406,384	799,400	13,300	1.69%
8 Financial Services	5,384,300	2,838,748	3,013,610	5,384,300	0	0.00%
9 Human Resources	2,936,300	1,512,870	1,374,025	2,949,127	12,827	0.44%
10 In House Agency	(144,000)	(62,010)	(77,396)	(144,000)	0	0.00%
11 IT Services Unit	5,339,200	2,156,068	2,220,632	5,339,200	0	0.00%
12 AMS	2,186,700	1,064,893	777,182	2,186,700	0	0.00%
13 Landlords Repairs and Maintenance	2,950,300	1,461,546	618,783	2,995,300	45,000	1.53%
14 Staff restaurant	51,200	25,620	42,604	66,200	15,000	29.30%
15 Spinnaker Tower	(454,800)	(227,400)	360,191	(434,800)	20,000	4.40%
16 Administration Expenses	152,100	0	24,137	184,100	32,000	21.04%
17 Benefits	(856,100)	(360,722)	(659,769)	(830,331)	25,769	(3.01)%
18 Local Taxation	299,300	160,596	423,842	282,600	(16,700)	(5.58)%
19 Benefits Administration	1,996,900	1,003,134	1,247,529	1,981,000	(15,900)	(0.80)%
20 Discretionary Non Domestic Rate Relief	154,500	0	10	155,364	864	0.56%
21 Land Charges	(140,800)	(70,399)	(58,661)	(106,960)	33,840	24.03%
22 Democratic representation & Management	1,716,200	913,450	884,087	1,717,500	1,300	0.08%
23 Corporate Management	1,672,800	958,703	799,750	1,619,255	(53,545)	(3.20)%
NET EXPENDITURE - CASH LIMIT	27,771,000	14,251,765	13,687,617	27,895,651	124,651	0.45%

RESOURCES PORTFOLIO**Capital Monitoring Statement - 2009/10**
As at 30 September 2009**Meeting Date : 1 December 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-Sept-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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Cap Rec 9,300 0 9,300 0 9,300 9,300 0

E-GOVERNMENT

2 Customer Relationship Management system

Cap Rec 43,000 0 43,000 0 43,000 43,000 0

Programme of Investment deferred due to the revalidation of the CRM strategy and a delay in the Government Connect national project.

Cap Rec 11,100 0 0 0 11,100 11,100 0

MISCELLANEOUS DEVELOPMENTS

3 Guildhall Square - Disabled Access

Cap Rec 45,000 205,000 17,482 205,000 0 250,000 250,000 0
RCCO 70,000 70,000 0 70,000 70,000 0

0 Deferred from 2009/10

4 Guildhall Bells Repairs

Cap Res 547,500 58,400 34,633 58,400 0 605,900 605,900 0

0 Scheme complete

5 Professional Fees

Cap Rec - 654,900 0 654,900 0 654,900 654,900 0

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.

6 Landlord's maintenance - capitalised repairs

Cap Res 582,800 1,095,100 111,145 1,095,100 0 1,677,900 1,677,900 0

7 Project Management

Cap Rec 283,500 0 0 (283,500) 283,500 283,500 0

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.

8 Computer Upgrades

Cap Fund 753,900 865,400 245,709 865,400 0 1,619,300 1,619,300 0

0 Upgrade to PC's/software/e-mail systems funded from IT Reserve & RCCO's.

	1,940,300	3,284,600	408,969	3,001,100	-283,500	5,224,900	5,224,900	0
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New Starts 2008/09

9 ICT Security - Data Encryption

Cap Rec 184,400 158,600 71,802 158,600 0 343,000 343,000 0

10 Landlords Maintenance - Capital Contingency

Cap Res 500,000 0 500,000 0 500,000 500,000 0

0 Schemes approved to date include repairs to Eastney Pumping station façade at £113k. Other schemes are under consideration.

11 Disability Discrimination Act - Building Modifications

Cap Res 100,000 0 100,000 0 100,000 100,000 0

0 Schemes have been identified for consideration

	184,400	758,600	71,802	758,600	0	943,000	943,000	0
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RESOURCES PORTFOLIO

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

Meeting Date : 1 December 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-Sept-09	Forecast Expenditure 2009/10	In Year Variance Overspending/ (Savings)	Total Scheme Budget	Final Cost	Total Scheme Variance	Progress to Date/ Comments
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	10,000	0	10,000	10,000	0	
		0	1,522,000	10,000	562,000	(960,000)	1,522,000	1,522,000	0	
GRAND TOTAL		2,124,700	5,565,200	490,771	4,321,700	-1,243,500	7,689,900	7,689,900	0	

Source of Finance

Capital Receipts	240,500	2,876,300	99,284	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	245,709	865,400	0	1,619,300	1,619,300	0
Capital Reserve	1,130,300	1,693,500	145,778	1,753,500	0	2,823,800	2,883,800	0
	2,124,700	5,565,200	490,771	4,321,700	(1,243,500)	7,689,900	7,689,900	0