



Decision maker: Cabinet Member for Resources Portfolio

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

Date of decision: 25th March 2010

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

1.1 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

4.1 To inform the Cabinet Member and Opposition Spokespersons of:

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

3. Recommendations

3.1 The content of this report be noted

3.2 That the Strategic Director and Section 151 Officer makes the necessary adjustments to the cash limits of the PRED and Resources Portfolios as described in paragraph 5.5 of this report

4. Background

4.1 Cash Limit 2009/10

	£'000s
Net Requirement	28,684
Less - Capital Charges	648
- Insurance Costs	464
<i>Controllable Cash Limit 2009/2010</i>	<u><u>27,572</u></u>

Forecast Outturn 2009/10

	£'000s	% of Budget
Actual Net Expenditure April 2009 to Dec 2009	18,986	68.9
Forecast Net Expenditure to 31 March 2010	<u>8,238</u>	29.8
Total Forecast Controllable Expenditure 2009/10	27,224	98.7
Controllable Cash Limit	<u>27,572</u>	
Forecast Variance	<u><u>(348)</u></u>	1.3

4.2 Appendices

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

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

5. Managers' Comments

(Please read in conjunction with the attached Appendix A)

Revenue Expenditure

5.1 The revised cash limit for the Resources Portfolio reflects changes approved during the year including releases from contingency, adjustments to inflation and other approved changes. At this stage, no adjustment has been made to the budgets to reflect the impact of the Local Pay Review so this has been assumed to be budget neutral in this report.

5.2 The forecast outturn for the Portfolio compared to the cash limit indicates a net underspend spend of (£348,462). However, this sum includes an under recovery of income of £32,800 from Land Charges and a net overspend of £111,700 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. As the portfolio is currently forecasting an underspend, there is currently not a requirement to fund the windfall costs corporately.

5.3 The main areas of variance are as follows:

- IS - Revenue costs relating to new Telephony scheme not required in 2009/10 as capital scheme has slipped into 2010/11
- AMS - Increase in fee generating work in AMS
- Revenues & Benefits - Additional DWP Administration grant for Housing Benefits

Information Services – Forecast underspend £160,000

5.4 Slippage in the new Civic Offices telephone exchange project has resulted in the delay of the associated revenue costs budgeted at £160,000

Asset Management Service – Forecast underspend £ 200,000

5.5 This year the Design team have focussed on fee earning capital work (as opposed to non fee earning revenue work). This has led to a forecast increase in income of £200,000. The Head of Asset Management also has responsibility for the Corporate Property Portfolio budget within the PRED Portfolio. This budget is currently forecasting an overspend of £121k. It is proposed that this overspend be met from the forecast underspend within the Resources portfolio described above and that the Strategic Director and S151 Officer makes the necessary adjustment to the cash limits of the two portfolios in accordance with the delegated powers agreed at the Budget meeting in February 2010.

Benefits Administration – Forecast underspend £163,928

5.6 The forecast underspend within Housing Benefit Administration relates mainly to one off government allocations made available for specific projects such as the implementation of Local Housing Allowance (LHA) and the Employment Support Allowance (ESA). This underspend has been used to offset overpends within the Housing Benefits windfall budget.

6. Summary

6.1 At the end of the third quarter, this portfolio has a forecast underspending of £348,462 after absorbing the windfall cost associated with Land Charges and Housing Benefits. This represents 1.3% of the total budget for the Portfolio.

7. Capital Programme

7.1 The 2009/10 capital estimates and forecast outturn for this portfolio is summarised in Appendix B.

7.2 This statement has been updated to reflect the revised capital programme approved by the City Council on 9 February 2010. The revised estimate for 2009/10 totals £7,361,400.

7.3 Expenditure incurred as at 31 December 2009 totalled £2,826,637. The forecast total expenditure to the end of the current financial year is £4,580,077 an

underspend of £2,781,323. The completion date on a number of projects has slipped to 2010/11. The capital budget of £4.537m for replacement cranes for MMD, made provision for the purchase of two cranes, however, at this stage the business only requires the use of 1 additional crane. The purchase of the second crane will be made as the need arises.

8. Equality impact assessment (EIA)

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

9. Legal implications

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

10. Head of Finance's comments

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

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Signed by: Strategic Director & Section 151 Officer

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
Service Budget monitoring files	CRS Accountancy team

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by Cabinet Member for Resources on 25th March 2010.

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Signed by: Cabinet Member for Resources

RESOURCES PORTFOLIO

Appendix A

REVENUE STATEMENT to Dec 2009

	Budget 2009/10 £	Budgeted Expenditure to 31/12/2009 £	Actual Expenditure to 31/12/2009 £	Forecast 2009/10 £	Variance (Fav)/Adv £	Variance (Fav)/Adv %.
WITHIN CONTROLLABLE CASH LIMIT						
1 Miscellaneous Expenses	282,200	(201,845)	526,822	313,297	31,097	15.41%
2 Audit & Performance Management	1,015,300	506,232	576,050	1,017,500	2,200	0.22%
3 Customer First	1,662,700	1,724,727	1,262,716	1,639,084	(23,616)	(1.42)%
4 Community Involvement, Empowerment & Development	1,263,900	945,450	999,703	1,284,214	20,314	1.61%
5 Legal Services	765,800	590,181	674,222	765,800	0	0.00%
6 Financial Services	5,247,500	4,160,074	4,103,593	5,293,517	46,017	0.88%
7 Human Resources (including In House Agency)	3,057,800	2,236,145	2,069,203	3,059,989	2,189	0.07%
8 Information Services	5,168,500	3,373,909	3,356,641	5,008,500	(160,000)	(3.10)%
9 AMS	2,183,400	1,562,915	1,052,634	1,983,400	(200,000)	(9.16)%
10 Landlords Repairs and Maintenance	3,318,200	2,262,145	1,681,521	3,318,200	0	0.00%
11 Staff restaurant	91,200	38,430	63,713	91,200	0	0.00%
12 Spinnaker Tower	(424,800)	(341,100)	315,356	(424,800)	0	0.00%
13 Administration Expenses	48,000	0	45,762	43,000	(5,000)	(10.42)%
14 Benefits	(1,697,200)	(642,051)	(2,847,514)	(1,573,400)	123,800	(7.29)%
15 Local Taxation	288,600	240,894	637,357	233,000	(55,600)	(19.27)%
16 Benefits Administration	1,952,300	1,504,701	1,956,835	1,788,372	(163,928)	(8.40)%
17 Discretionary Non Domestic Rate Relief	161,500	0	10	161,500	0	0.00%
18 Land Charges	(142,300)	(105,599)	(85,133)	(109,500)	32,800	23.05%
19 Democratic Representation & Management	1,698,300	1,314,724	1,311,484	1,722,400	24,100	1.42%
20 Corporate Management	1,631,100	1,438,054	1,285,071	1,608,265	(22,835)	(1.40)%
NET EXPENDITURE - CASH LIMIT	27,572,000	20,607,986	18,986,046	27,223,538	(348,462)	(1.26)%

RESOURCES PORTFOLIO**Capital Monitoring Statement - 2009/10**

As at 31 December 2009

Meeting Date : 25 March 2010

Appendix B

<u>Scheme</u>	Source of Finance	Expenditure to 31-Mar-09 £	Revised Budget 2009/10 £	Expenditure to Date 31-Dec-09 £	Forecast Expenditure 2009/10 £	Variance Overspending/ (Savings) £	Total Scheme Budget £	Final Cost £	Total Scheme Variance £	Progress to Date/ Comments
<u>INFORMATION TECHNOLOGY</u>										
1 City Wide Communications Network	Cap Rec		9,300	0	0	(9,300)	9,300	9,300	0	
Sub Total :		0	9,300	0	0	(9,300)	9,300	9,300	0	
<u>E-GOVERNMENT</u>										
	Cap Rec		0	0	0	0	43,000	43,000	0	0 Programme of Investment deferred to 2010/11 due to the revalidation of the CRM strategy and a delay in the Government Connect national project.
2 Customer Relationship Management system	Cap Rec	11,100	0	0	0	0	11,100	11,100	0	0 This budget will be used to enhance the website to improve access to PCC services.
Sub Total :		11,100	0	0	0	0	54,100	54,100	0	
<u>MISCELLANEOUS DEVELOPMENTS</u>										
3 Guildhall Square - Disabled Access	Cap Rec	45,000	0		0	0	250,000	250,000	0	0 Project slipped to 2010/11.
	RCCO		45,000	21,348	30,000	(15,000)	70,000	70,000	0	
4 Guildhall Bells Repairs	Cap Rec/RCCO	547,500	58,400	36,890	55,000	(3,400)	605,900	605,900	0	0 Scheme complete.
Sub Total :		592,500	103,400	58,238	85,000	(18,400)	925,900	925,900	0	
<u>New Starts 2007/08</u>										
5 Landlord's maintenance - capitalised repairs	Cap Rec	582,800	819,300	224,572	350,000	(469,300)	1,677,900	1,677,900	0	0 Slippage will be carried forward to 2010/11
6 Project Management	Cap Rec		283,500	0	0	(283,500)	283,500	283,500	0	0 General Provision to address any shortfall in project management resources which would inhibit the delivery of major projects. Specific allocations are subject to approval through Strategic Directors Board.
7 Computer Upgrades	ITR	753,900	675,400	563,663	570,000	(105,400)	1,619,300	1,619,300	0	0 Upgrade to PC's/software/e-mail system
		1,336,700	1,778,200	788,235	920,000	(858,200)	3,580,700	3,580,700	0	

RESOURCES PORTFOLIO

Capital Monitoring Statement - 2009/10

As at 31 December 2009

Meeting Date : 25 March 2010

Appendix B

<u>Scheme</u> New Starts 2008/09	Source of Finance	Expenditure to 31-Mar-09	Revised Budget 2009/10	Expenditure to Date 31-Dec-09	Forecast Expenditure 2009/10	Variance Overspending/ (Savings)	Total Scheme Budget	Final Cost	Total Scheme Variance	Progress to Date/ Comments
8 ICT Security - Data Encryption	Cap Rec	184,400	158,600	70,986	100,000	(58,600)	343,000	343,000	0	Enhancements to the ICT Security framework.
9 Landlords Maintenance - Capital Contingency	Cap Res		113,000	61,923	105,000	(8,000)	500,000	500,000	0	Schemes approved to date include repairs to Eastney Pumping station façade at £113k. There is a requirement to undertake repairs to the Norrish Library roof at £220k. This is subject to approval.
10 Disability Discrimination Act - Building Modifications	Cap Rec		100,000	1,744	5,000	(95,000)	100,000	100,000	0	Programme of DDA modifications was approved via MIS dated 25 September 2009.
		184,400	371,600	134,652	210,000	(161,600)	943,000	943,000	0	
New Starts 2009/10										
11 Civic Offices - Telephone Exchange	Cap Rec		100,000	0	0	(100,000)	960,000	960,000	0	This scheme has now been deferred to 2010/11.
12 Remote Access - Mobile/Homeworking	Cap Rec		50,000	0	0	(50,000)	50,000	50,000	0	This scheme has been started, but completion has slipped to 2010/11.
13 ICT - Database Corporate Server	Cap Rec		42,000	0	0	(42,000)	42,000	42,000	0	This scheme has been started, but completion has slipped to 2010/11.
14 IT Systems - D&CES	Cap Rec		42,000	0	0	(42,000)	110,000	110,000	0	This capital budget is required to fund two schemes; Audio Visual facilities in the Council Chamber, and a replacement Elections System.
15 Gatcombe Wall Repairs	Cap Rec		10,000	0	5,000	(5,000)	50,000	50,000	0	
16 Capital Grant - St Mary's Churchyard Lighting	Cap Rec		10,000	10,000	10,000	0	10,000	10,000	0	
17 Buckland Community Centre - New Boiler	RCCO/OC/OCRec		81,900	12,527	30,000	(51,900)	91,000	91,000	0	
18 MMD - Capital Advances	UB	980,000	1,360,000	750,000	1,200,000	(160,000)	2,340,000	2,340,000	0	Capital grants payable to MMD to finance capital expenditure requirements.
19 MMD - Cranes	UB		3,403,000	1,072,985	2,120,077	(1,282,923)	4,537,300	2,120,077	(2,417,223)	Purchase of a new crane subject to a lease to MMD.
20 Asset Management System	Cap Rec		0	0			300,000	300,000	0	
21 Major Repairs to Corporate Property Portfolio	Cap Rec/RCCO			0			1,055,000	1,055,000	0	
22 Building Alterations/Relocations (Merefield & Darby House)	Cap Rec/RCCO			0			200,000	200,000	0	
		980,000	5,098,900	1,845,512	3,365,077	(1,733,823)	9,745,300	7,328,077	(2,417,223)	
GRAND TOTAL		3,104,700	7,361,400	2,826,637	4,580,077	(2,781,323)	15,258,300	12,841,077	(2,417,223)	

RESOURCES PORTFOLIO**Capital Monitoring Statement - 2009/10**
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Source of Finance										
Capital Receipts	Cap Rec	1,370,800	1,730,200	369,224	575,000	(1,155,200)	6,137,900	6,137,900	0	
General Fund Contributions to Capital	RCCO		145,800	58,238	115,000	(30,800)	422,400	422,400	0	
Other HRA Capital Receipts	OCRec(HRA)	0	42,000	12,527	0	(42,000)	42,000	42,000	0	
Other Contributions	OC		5,000	0	0	(5,000)	5,000	5,000	0	
IT Reserve	ITR	753,900	675,400	563,663	570,000	(105,400)	1,619,300	1,619,300	0	
Other	CROC/CRGG				0	0	154,400	154,400	0	
Unsupported Capital Expenditure	UB	980,000	4,763,000	1,822,985	3,320,077	(1,442,923)	6,877,300	4,460,077	(2,417,223)	
		0							0	
		3,104,700	7,361,400	2,826,637	4,580,077	(2,781,323)	15,258,300	12,841,077	(2,417,223)	