



Agenda item:

**Decision maker:** Cabinet Member for Resources Portfolio

**Subject:** Budget Outturn 2009/10 - Revenue Cash Limits and Capital Programme

**Date of decision:** 8<sup>th</sup> July 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 actual revenue expenditure outturn for 2009/10 with the controllable cash limit for that year, and the outturn capital expenditure to the approved capital programme for this Portfolio and provides information to enable an understanding of the reasons for variances.

## 2. Purpose of report

- 4.1 To inform the Cabinet Member and Opposition Spokespersons of:
- The outturn revenue expenditure for the year compared with the cash limited budget.
  - The outturn capital expenditure against the capital programme for the Resources portfolio.

## 3. Recommendations

- 3.1 The content of this report be noted

## 4. Background

### Outturn 2009/10

	£'000s	% of Budget
Total Actual Controllable Expenditure 2009/10	30,491	99.94%
Controllable Cash Limit 2009/10	30,509	
<b>Variance</b>	<u>(18)</u>	<u>(.06%)</u>

4.1 Appendices

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

4.3 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 an adjustment to reflect the impact of the Local Pay Review across services.

5.2 The outturn of £30,490,535 for the Portfolio compared to the revised cash limit of £30,509,277 indicates a net underspend of (£18,742). This represents a variance of (0.06%) compared to the revised budget.

5.3 Within the portfolio there are services whose budget are deemed 'windfall' budgets by the City Council. These services are Council Tax Benefits, Rent Allowances, Rent Rebates and Land Charges. These 'windfall' budgets represent income and expenditure which is demand led and is largely out of the control of the budget managers. Consequently any overspending is borne by the City Council corporately and similarly, any underspending accrues to the City Council corporately. In this report, the Portfolio has been able to absorb the reported overspend on these 'windfall' budget areas rather than fund the costs from corporate resources. The variance position reported is the total position including windfall costs.

5.4 The main areas of variance are as follows:

- Audit & Performance Improvement – increased charges to capital & additional contributions
- Financial Services – reduction in requirement for Bad Debts provision
- HR – Vacancies and additional income
- IS - Revenue costs relating to new Telephony scheme not required in 2009/10 as capital scheme has slipped into 2010/11
- AMS - Increase in time spent on fee generating work in AMS
- Spinnaker Tower – reduction in PCC share due to lower footfall
- Grant to MMD- additional grant

- Administration Expenses- Increase in provision for Bad Debt due to company liquidation
- Benefits –Increase in rate of benefit claims
- Local Taxation- reduction in requirement for bad debt provision
- Revenues & Benefits - Additional DWP Administration grant for Housing Benefits

#### Audit & Performance Improvement – Underspend £78,889

- 5.5 The majority of this variance (£52k) relates to increased charges to capital relating to the Somerstown PFI and the Building Schools for the Future schemes. Additional income from contractual rebates and contributions for work carried out on the regional efficiency review accounted for a further £24k. Vacancies made up the remainder of the variance.

#### Financial Services- Underspend £80,777

- 5.6 A review of the debt outstanding at the end of the year resulted in a reduction in the requirement for the provision for bad debts.

#### Human Resources –Underspend £114,373

- 5.7 New sources of funding were received for staff working on temporary projects during the year from Isle of Wight Council, BSF, and Workforce Planning. The backfilling of posts was limited or not undertaken. The internal agency service continued to extend its provision which generated additional income to the City Council. There were also some volume increases across PCC services with more demand for temporary staff to fill non-admin related positions.

#### Information Services – Underspend £74,444

- 5.8 Slippage in the new Civic Offices telephone exchange project has resulted in the delay of the associated revenue costs budgeted at £160,000. This saving, together with savings from staffing vacancies has been used, in part, to offset redundancy costs within the department rather than fund these from the MTRS Reserve.

Asset Management Service – Underspend £ 166,232

- 5.9 The demand for the work of the Design team has focussed on fee earning capital work (as opposed to non fee earning revenue work) which has resulted in an increase in income

Spinnaker Tower – overspend - £109,131

- 5.10 The City Council's income from the Tower comprises of a rental sum and a variable proportion of the net profit. The variance for the year arises from the decline in visitor numbers.

Grant to MMD – overspent £499,700

- 5.11 The grant support made to MMD during the year was £499,700 more than budgeted. A further report on the Port and MMD's consolidated activities during the year is currently being prepared.

Administration Expenses – overspend £187,043

- 5.12 The majority of this overspend has arisen from the need to increase the provision required to meet bad debts arising from company liquidations and specific debts outstanding over one year.

Benefits- Overspend £348,244

- 5.13 This overspending has arisen because of the increased rate of benefit claims against which the subsidy recovery is less than 100%

Local Taxation- Underspend £380,949

- 5.14 A review of the debt outstanding at the end of the year resulted in a reduction in the requirement for the provision for bad debts.

Benefits Administration –Underspend £142,156

- 5.15 The 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 partially offset the overspend reported in the Benefits windfall budget above (Para 5.13).

## **6. Summary**

- 6.1 The overall outturn position on the portfolio is a net underspending of £18k representing 0.06% of total cash limited budget. Within this net position there are various other smaller under and overspendings as shown in Appendix A.

## **7. Capital Programme**

- 7.1 The revised capital estimates and actual outturn costs 2009/10 for this portfolio are summarised in Appendix B. Only one scheme shows a significant variation on the approved capital estimate that being the Guildhall Square Disabled Access lift required to improve access to the Guildhall, Civic Offices and Library. This scheme has been subjected to a number of design revisions in order to secure planning approval. This objective has now been achieved, the approved design is now a smaller scale and simpler structure compared to the first proposal, subsequently, the total estimated cost of the scheme has now been reduced to £220,000, realising a saving of £100,000 on the approved capital estimate of £320,000.
- 7.2 The remaining schemes in the approved capital programme are forecast to be completed within their originally approved capital cost, however, a number of the projects have slipped in terms of their delivery to 2010/11. This is evidenced by the fact that the approved capital budget for 2009/10 totalled £7.361m, but actual expenditure incurred totalled £4.713m, an underspend of £2.647m. The majority of this reduction is attributable to one scheme, MMD Cranes, the original estimate of £4.537m made provision for the purchase of two new cranes, to be leased by the City Council to the company. At present, the business needs of the company require the one new crane at the present time, the need for a second crane will therefore be kept under review and only acquired once supported by a business case.

## **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 the final position on the revenue and capital budgets as at the end of March 2010.

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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:

<b>Title of document</b>	<b>Location</b>
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 7<sup>th</sup> July 2010.

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Signed by: Cabinet Member for Resources