



Agenda item:

Decision maker: Cabinet Member for Resources Portfolio

Subject: Budget Outturn 2010/11 - Revenue Cash Limits and Capital Programme

Date of decision: 7 July 2011

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 2010/11 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

- 2.1 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 2010/11

Total Actual Controllable Expenditure 2010/11
Controllable Cash Limit 2010/11
Variance

£'000	% of Budget
27,124	96.5%
28,097	
<u>(973)</u>	<u>(3.5%)</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 2010/11 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 appeals across services.
- 5.2 The outturn of £27,123,707 for the Portfolio compared to the revised cash limit of £28,096,760 indicates a net underspend of (£973,053). This represents a variance of (3.5%) 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, Pensioner Cash back scheme, Land Charges and District Audit Fees. 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. If these 'windfall' variances are excluded, the net variance on the Portfolio is an under spend of £839,918. i.e.

	£
Total Variance (under spend)	(973,053)
<u>Less</u>	
Rent Allowances and Rent Rebates	80,773
Pensioner Cash back Scheme	(143,333)
Land Charges	(3,766)
District Audit Fees	<u>(66,809)</u>
Net 'controllable' under spend	<u>(839,918)</u>

- 5.4 The main areas of variance are as follows:

- Miscellaneous Expenses - vacancies in Trade Union Secondments and lower than anticipated expenses on LPR appeals.
- Legal Services - a delayed service review and an increase in in-house work for other services.
- HR - vacancies, additional external funding and saving on the training budget.

- Information Service - revenue costs relating to the new Telephony scheme that was implemented later than planned.
- AMS - reduction in staffing levels and associated costs. Additional fee income from grant funded capital schemes.
- Spinnaker Tower - reduction in the City Council's income share due to lower footfall.
- Local Taxation - lower than anticipated take up of the Pensioner Cash Back scheme.
- Revenues & Benefits - vacancies and a reduction in use of agency staff.
- Corporate Management - reduction in District Audit Fee and vacancies within the Strategy Unit.

Miscellaneous Expenses - Under spend £86,913

- 5.5 There are mainly two reasons for the under spend on Miscellaneous Expenses. The Human Resources Job Evaluation budget included a provision for costs associated with Local Pay Review appeals. This provision of £50,000 has not been fully used, hence a saving of £43,064. A budget provision of £91,300 was made to cover the cost of Trade Union Secondments, however, vacancies have resulted in a saving of £45,567.

Legal Services - Overspend £206,729

- 5.6 The Legal Services budget over spend is due to a delay in the implementation of a second review of the staffing structure. This has resulted in additional employee costs and the continued use of external locums. The Head of Service has taken remedial action in other areas of the budget to mitigate these additional costs. There has also been the need to increase the staffing capacity to deal with an increase in the caseload of childcare cases. This has avoided an increase in external costs falling on the CFL client. This increase in service cost can be covered by savings elsewhere in the Resources budget.

Human Resources - Under spend £127,941

- 5.7 The Human Resources under spend is mainly attributable to savings in employee costs. This has been achieved by holding posts vacant, using existing staff to cover maternity leave and some external funding of a part time management post. Savings were also achieved on the training budget. The additional costs arising from LPR appeals has been contained within the savings described above.

Information Services - Under spend £109,762

- 5.8 Slippage in the new Civic Offices telephone exchange project has resulted in the delay of the associated revenue costs.

Asset Management Service - Under spend £439,712

- 5.9 The Head of Asset Management has secured a significant reduction in the net service cost of the Business Division. This has been achieved by a combination of savings in employee costs by holding posts vacant in anticipation of the savings required in future years, reductions in expenditure on Supplies and Services deemed non essential to service delivery and an increase in fee income from capital schemes that have been funded by external grants.

Landlords Repairs and Maintenance - Overspend £52,775

- 5.10 The Landlord's Maintenance budget of £2,134,500 was overspent by £52,775 this was mainly attributable to urgent reactive repair works caused by the exceptionally harsh winter that had not been fully reflected in the budget forecast.

Spinnaker Tower - Overspend £73,661

- 5.11 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.

Local Taxation - Under spend £37,378

- 5.12 The under spend of £37,379 is attributable to two main variances. An improvement in the recovery of court costs has resulted in a significant reduction in the provision of bad debt to the value of £180,594. Whilst the level of debt has fallen in 2010/11, the overall level of "in year" court cost income has fallen by £143,265, resulting in this net saving of £37,379.

Benefits Administration - Under spend £304,651

- 5.13 The Revenues and Benefits Administration budget of £2,090,400 has realised a saving of £304,651. These savings arise from a reduction in employee costs of £139,000 and a reduction in the use of external agency staff has saved £216,000. The use of agency staff was considerably lower in the last quarter of the year compared to previous experience. Efficiency savings have also been secured in the use of staff to implement the objectives of projects that are grant funded.

Corporate Management - Under spend £37,894

- 5.14 After the exclusion of the "windfall" item of External Audit Fees, the Corporate Management budget has realised a saving of £37,894. The Strategy Unit has secured a saving of £35,823 by holding two posts vacant during the year as part of the need to secure reductions in employee costs in 2011/12. The Corporate Financial Policy budget has achieved a saving of £8,499.
- 5.15 The remaining variation is attributable to various differences on other budget heads that totalled a net under spend of £28,832.

6. Summary

- 6.1 The overall revenue budget outturn position on the portfolio, excluding 'windfall' items is a net underspending of £839,918 representing 3% of the total cash limited budget.

7. Capital Programme

- 7.1 The approved revised capital estimates and actual outturn costs 2010/11 for this portfolio are summarised in Appendix B. The revised capital estimate for 2010/11 was £6,813,100, actual expenditure incurred was £4,635,150, an under spend of £2,177,950. This reduction in expenditure is attributable to slippage in scheme delivery to 2011/12 and changes in the outturn cost compared to the approved capital estimate.

- 7.2 Those schemes that are deemed to have slipped from 2010/11 to 2011/12 are as follows:

	£
Project Management	283,500
Computer Upgrades	49,600
MMD Capital Loan	1,350,000
Major Repairs to Corporate Property	306,300
Relocation Merefield & Darby House	33,600
Sub Total:	<u>2,023,000</u>

Of the above schemes it is anticipated that the original budget provision made will be required to be carried forward to 2011/12 to ensure delivery of the project as originally planned. The only exception to this is the Project Management budget of £283,500, this budget was approved for inclusion in the Resources Portfolio in February 2007, to be allocated to those schemes with the greatest need in terms of importance, timing and adequacy of resource levels. Authority to transfer funds from the global Project Management allocation was delegated to the Strategic Director and Section 151 Officer in consultation with the Chief Executive and Strategic Directors. There has been no requirement to call upon this budget provision in 2010/11.

- 7.3 There is one scheme where a significant saving has arisen, this relates to the capital estimate provision of £4,537,300 for the purchase of two cranes that have been leased to Mainland Marketing Deliveries Ltd. The first crane was purchased in February 2010 at a cost of £2,120,100. The second crane was purchased in February 2011 at a cost of £2,083,564. This represents a total outturn cost of £4,203,664 and a saving of £333,636 on the approved capital estimate. However, the source of funding on this scheme is Unsupported

Borrowing, therefore the capital saving is not available for re-allocation to other unfunded capital projects.

- 7.4 Finally, the remaining significant variance in 2010/11 is the Civic Offices Telephone Exchange scheme. The total approved capital estimate is £960,000 with an expenditure profile of £760,000 in 2010/11 and £200,000 in 2011/12. This Information Service managed scheme was implemented between September and March 2011, the new system became fully operational in April 2011. As a consequence, all contract expenditure was incurred in 2010/11.

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 2011.

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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 7th July 2011.

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Signed by: Cabinet Member for Resources