

REPORT TO: CABINET MEMBER FOR RESOURCES PORTFOLIO
FOR: 2 OCTOBER 2008

REPORT BY: STRATEGIC DIRECTOR & SECTION 151 OFFICER
(Prepared by: Sue Page, Financial Services)

BUDGET MONITORING 2008/9 - Revenue Cash Limit and Capital Programme

1. Purpose of Report

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 2008/09 set out in the report be noted and progress towards meeting the shortfall be reported to the next meeting.

2.2 That the forecast capital programme expenditure be noted.

3. City Solicitor's Comments

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

Background

4. Cash Limit 2008/09

	£'000
Net Requirement approved by City Council re Leader Portfolio	2,540,300
Plus - Net Support Service Recharges	23,846,800
Less – Capital charges	1,238,600
- Insurance Costs	427,500
Controllable Cash Limit for Leader Portfolio 2008/09	<u>24,721,000</u>
Less- transfer to Community Safety	95,100
- transfer to PRED portfolio	(4,324,700)
- transfer to Leader portfolio	400,900
Add - Rent Allowances and Rebates	<u>(676,800)</u>
Controllable Cash Limit for Resources Portfolio 2008/09	<u>27,872,900</u>

Provisional Outturn 2008/09

	£'000	% of Budget
Actual Net Expenditure April 2008 to July 2008	7,254,855	26.03%
Forecast Net Expenditure to 31 March 2009	<u>20,984,122</u>	75.28%
Total Forecast controllable expenditure 2008/09	<u>28,238,977</u>	101.31%
Controllable Cash Limit 2008/09	<u>27,872,900</u>	
Forecast variance	<u>366,077</u>	1.31%

Appendices

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

An analysis of this Portfolio's capital expenditure for 2008/9 is attached at Appendix B

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

5.1 Revenue Expenditure

The forecast outturn for the Portfolio compared to the cash limit indicates a net overspend of £366,077 at this stage. The main areas of variance are as follows:

- Procurement savings not yet implemented across services
- Additional staffing costs for Legal Services
- Human Resources budget and service reductions not fully implemented
- Staffing vacancies in Asset Management Service

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

Procurement Service – Forecast overspend £196,400

Corporate savings of £150,000 in 2008/9 were included in the Budget approved by City Council on 12 February 2008. At that time, details regarding the specific incidence of these savings across services were not available so the total saving was reflected within the Procurement Service together with the additional cost of resources necessary to deliver these savings. The Procurement service is working with Financial Services to identify and reallocate the savings achieved across service budgets for the 2008/9 revised estimate. Whilst it is anticipated that some or all of these savings may be delivered, there is insufficient certainty at this stage to bring these savings into the forecast. It is anticipated the position will be more certain by the next meeting.

Legal Services – Forecast overspend £160,500

Legal Services are currently employing locum solicitors because of an inability to recruit permanent staff. These temporary staff are more expensive than the budget provision for direct employees. In addition, a recruitment and retention package has been introduced to retain key employees although no specific budget provision exists for this. The service is also currently bearing the unfunded cost of an Interim Head of Legal, Licensing and Registrars. This post is conducting a comprehensive review of the service that may identify potential areas for efficiencies. In the meantime, the City Solicitor is considering options to contain the legal services budget within the approved cash limit.

Human Resources – Forecast overspend £187,400

Budget reductions for 2008/9 included a proposed saving of £43,000 arising from the relocation of recruitment and training events from Chaucer House (an HRA property) into the Civic Offices. This has not been possible, as the proposed accommodation was deemed unsuitable. The Head of Recruitment & Learning is now seeking an alternative resolution to this budget shortfall. In addition, employee costs currently exceed budget provision, as it has not been possible to implement staff reduction measures without having an unacceptable adverse impact upon standards of

service. However, the Head of HR is actively reviewing service delivery as part of a systems thinking exercise, critically monitoring all vacancies as they arise and seeking potential additional income. Proposals to reorganize the current structure of the teams are in progress, the impact of which will be reported to a future meeting.

AMS – Forecast underspend £ 155,200

The AMS Business account is currently forecasting an underspending as a result of vacancies in the unit (including the Energy Efficiency Officer post). Expenditure on Supplies and Services are being contained at this stage in order to provide a contingency in the event that fee income from work on capital schemes (which are notoriously difficult to predict), HRA and other external works falls significantly below budget provision

5.2 Capital Expenditure

At this stage, all capital schemes are expected to be completed within budget. 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. The only source of funding potentially in doubt is the of balance contribution required towards the World War II Memorial. The total cost of phase 1 of this scheme was £83,900, funded by a PCC contribution of £30,000 and the balance by contributions from the Memorial Fund Trust. To date, a sum of £20,000 has been paid over by the Trust. The approved capital programme includes provision in 2008/9 for Landlord's Maintenance capitalised repairs of £1,050,000 adjusted by slippage of £315,400 from 2007/8. It is now been identified that £230,000 of this work is likely to slip into 2009/10. This rephasing will be reflected in the revised capital programme for 2009/10.

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Roger Ching
STRATEGIC DIRECTOR & SECTION 151 OFFICER
20 August 2008

Access to Information
Background papers: Monitoring files held in Financial Services

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