



# East Northamptonshire Council

## Finance Sub Committee - 26 October 2009

### Revenue Budget Monitoring Report

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#### Summary

This is a financial monitoring report as required by the Local Government Act 2003. It details revenue spend against budget for the period ending 30 September 2009 and the likely outturn figure for the whole financial year.

#### Attachment(s)

Appendix 1 - Service Expenditure Detailed Analysis

Appendix 2 - Summary of Variations

Appendix 3 - Salary Budgets

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#### 1. Introduction

1.1. Part 2 of the Local Government Act 2003 made Member involvement in budget monitoring a statutory duty. This report is pursuant to this duty and details the financial position of the Authority against the approved Revenue Budget. This report covers the period 1 April 2009 to 30 September 2009 but more importantly the likely financial outturn for the whole of the financial year.

1.2. Attached to this report are three appendices:

Appendix 1 - detailed spend against budget for all areas of the Council.

Appendix 2 - summary of the reasons for the main variances.

Appendix 3 - details of salary spend against budget and the likely outturn for the whole financial year.

This report only deals with revenue matters, the monitoring of capital spend is covered by a separate report on the agenda.

1.3. As previously, these reports look to give an estimated budget position for the whole financial year. This is not only in line with best practice but shows the likely full year impact of any under or over spending.

1.4. For the purpose of this report it is only intended to highlight and provide explanations for high level variations of a material nature which potentially would have an impact on the overall financial position of the Council. Detailed information on individual variations can be obtained from principally the budget holder or the responsible officer, or in their absence through the Head of Resources.

## 2. Commentary

2.1. The table below shows the overall financial position for the authority.

	<b>Current Budget 2009/10</b>	<b>Budget to date</b>	<b>Actual to date</b>	<b>Estimated Outturn</b>	<b>Variance Budget-Outturn</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Central Services	517,290	375,329	324,728	539,390	22,100
Cultural Environmental & Planning Services	5,267,500	2,735,310	2,490,444	5,215,645	(51,855)
Departmental & Support Services	5,824,540	2,719,833	2,568,257	5,586,104	(238,436)
Housing Services	308,040	259,505	297,586	205,120	(102,920)
Highways Roads & Transport Services	516,860	388,854	344,387	517,430	570
Corporate & Democratic Core	499,320	263,549	210,040	502,220	2,900
Non-Distributable Costs	(653,580)	0	863	(464,750)	188,830
<b>Total Services</b>	<b>12,279,970</b>	<b>6,742,380</b>	<b>6,236,304</b>	<b>12,101,159</b>	<b>(178,811)</b>
Investment Income	(494,000)	(247,000)	0	(500,000)	(6,000)
<b>Total Budget</b>	<b>11,785,970</b>	<b>6,495,380</b>	<b>6,236,304</b>	<b>11,601,159</b>	<b>(184,811)</b>

The variance shown on the Non-Distributed costs line reflects the salary savings that have been achieved to date and are reported in the service expenditure lines above.

2.2. As at 30 September 2009, the total anticipated variance for the year is £184,811 when compared to the current budget. The main reasons for this variance are:

<b>Under budget £'000</b>	<b>Over budget £'000</b>	<b>Reason</b>
	25	Reduced land charges income
63		Efficiency savings as detailed in 2.6. below
	45	Salary Savings below target – see 2.4. below
35		Additional grants from DCLG homelessness programme
74		Extra Housing benefit admin subsidy
20		Reduction in staff advertising
63		Minor other savings
<b>255</b>	<b>70</b>	<b>Total</b>
<b>185</b>		<b>Total under spend on services</b>

2.3. Appendix 2 provides a summary of the reasons for the variances against the budget heads reported in Appendix 1.

2.4. We are anticipating an overall under spending on our salary budgets of £310,000 as detailed in Appendix 3. This is £45,780 less than we budgeted for. Expenditure on salaries has already fallen by £94,200 as a result of the pay award being less than budgeted. We had already planned for this occurrence by increasing the transitional vacancy savings budget to reflect this. Individual budgets and the transitional vacancy saving target have now been adjusted to reflect the agreed pay award.

2.5. Investment income for the year is anticipated to be £500,000, £6,000 above budget. A report detailing our treasury performance for the first half of the year appears on the agenda for this meeting.

- 2.6. As part of our medium term financial strategy we have set ourselves targets for cashable efficiency gains. The table below shows the cashable efficiencies that we have achieved so far this year. This table includes items considered by the budget review group but excludes those that have no impact on this year's budget.

Efficiency Area	Saving 2009/10
Increased insurance excess	18,440
Additional postal cost savings	10,000
Revenues and Benefits Business Continuity	17,400
Historic Buildings Grants	17,000
<b>Total</b>	<b>62,840</b>

We have budgeted for total savings of £300,000 during 2009/10. As can be seen we are a long way from this target and any shortfall, unless offset by additional budget under spends, will ultimately mean that the budget gap being funded through reserves will increase.

- 2.7. Members will note that items have been approved from the Contingency Reserve. In accordance with the agreed use of this reserve below is a summary of the uses approved by the Chief Finance Officer or the Policy and Resources Committee:

- £20,000 – Nene and Ouse Transport grant.
- £2,500 – Benefit Fraud interview equipment

- 2.8 The total budget for the year has also been increased through the approval of supplementary estimates totalling £331,000. These amounts have been included in the budget figures reported in this report. The supplementary estimates are:

Area	Reason	Amount £
Recreation and Sport	Increased management fee for CCP	300,000
Public Transport	Increased concessionary fares cost	31,000
<b>Total</b>		<b>331,000</b>

### 3. Summary

- 3.1. As detailed in the report and outlined in the appendices, we are predicting an under spend of £184,811 against existing budgets. After also taking into account the supplementary estimates approved we are now anticipating amount of transfer from general fund reserves to have increased from £1,421,200 to £1,567,389.

### 4. Recommendation

- 4.1. That the report be noted.

Implications:		
<b>Corporate Outcomes or Other Policy/Priority/Strategy</b>		
Good Quality of Life	<input type="checkbox"/> Good Reputation	<input checked="" type="checkbox"/>
Good Value for Money	<input checked="" type="checkbox"/> High Quality Service Delivery	<input type="checkbox"/>
Effective Partnership Working	<input type="checkbox"/> Strong Community Leadership	<input type="checkbox"/>
Effective Management	<input checked="" type="checkbox"/> Knowledge of our Customers and Communities	<input type="checkbox"/>
Employees and Members with the Right Knowledge, Skills and Behaviours		<input checked="" type="checkbox"/>
<b>Other:</b>		
Decision(s) would be outside the budget or policy framework and require full Council approval		<input type="checkbox"/>
<b>Financial</b>	There are no financial implications at this stage	<input type="checkbox"/>

	There will be financial implications – see paragraph Whole report	<input checked="" type="checkbox"/>
	There is provision within existing budget	<input type="checkbox"/>
	Decisions may give rise to additional expenditure at a later date	<input type="checkbox"/>
	Decisions may have potential for income generation	<input type="checkbox"/>
<b>Risk Management</b>	An assessment has been carried out and there are no material risks	<input type="checkbox"/>
	Material risks exist and these are recorded at Risk Register Reference - 257 inherent risk score - Primary residual risk score - Contingency	<input checked="" type="checkbox"/>
<b>Staff</b>	There are no additional staffing implications	<input checked="" type="checkbox"/>
	Additional staff will be required – see paragraph	<input type="checkbox"/>
<b>Equalities and Human Rights</b>	There will be no impact on equality (race, age, gender, disability, religion/belief, sexual orientation) or human rights implications	<input checked="" type="checkbox"/>
	There will be an impact on equality (see categories above) or human rights implications – see paragraph	<input type="checkbox"/>
<b>Legal</b>	Power: Local Government Act 2003	
	Other considerations:	
<b>Background Papers:</b> Various financial records		
<b>Person Originating Report:</b> Robert Austin, Head of Resources		
<b>Date:</b> 15 October 2009		
<b>CFO</b>		
	<b>MO</b>	
		<b>CX</b>

(Committee Report Normal Rev. 19)

	Budget 2009/10	Budget to date	Actual to date	Estimated Outturn	Variance	Note
<b>Central Services to the Public</b>						
Elections	£38,700	£7,778	£6,846	£38,700	£0	
Emergency Planning	£27,030	£25,809	£26,052	£27,280	£250	
General Grants Bequests & Donations	£150,000	£87,075	£70,017	£150,000	£0	
Local Land Charges	(£51,070)	(£25,996)	(£17,310)	(£33,070)	£18,000	1
Local Tax Collection	£352,630	£280,663	£239,123	£356,480	£3,850	
	<b>£517,290</b>	<b>£375,329</b>	<b>£324,728</b>	<b>£539,390</b>	<b>£22,100</b>	
<b>Cultural, Environmental and Planning Services</b>						
Culture & Heritage	£17,400	£8,749	£6,086	£17,800	£400	
Recreation and Sport	£1,000,600	£725,950	£692,398	£1,003,628	£3,028	
Tourism	£141,090	£86,808	£70,987	£141,427	£337	
Open Spaces	£29,290	£25,775	£28,416	£29,450	£160	
Safety Services	£50,000	£34,940	£34,774	£50,000	£0	
Environmental Health	£633,570	£110,352	£97,821	£625,226	(£8,344)	2
Flood Defence & Land Drainage	£11,740	£4,074	£3,411	£11,740	£0	
Street Cleansing	£1,033,740	£516,847	£439,556	£1,034,280	£540	
Waste Collection	£1,364,970	£599,441	£584,440	£1,366,570	£1,600	
Crime Reduction	£159,870	£66,346	£65,790	£150,504	(£9,366)	3
Building Control	(£17,610)	(£10,052)	(£14,836)	(£35,150)	(£17,540)	4
Development Control	£145,910	£70,458	£97,589	£145,930	£20	
Planning Policy	£348,610	£295,902	£207,005	£335,190	(£13,420)	5
Environmental Initiatives	£49,700	£60,095	£60,433	£49,010	(£690)	
Economic Development	£148,070	£70,770	£55,489	£146,700	(£1,370)	
Community Development	£150,550	£68,855	£61,084	£143,340	(£7,210)	6
	<b>£5,267,500</b>	<b>£2,735,310</b>	<b>£2,490,444</b>	<b>£5,215,645</b>	<b>(£51,855)</b>	
<b>Departmental Central Support Services</b>						
Resources	£1,177,300	£346,291	£337,596	£1,110,410	(£66,890)	7
Customer Services	£439,740	£214,308	£197,378	£399,972	(£39,768)	8
Organisational Development	£430,250	£146,473	£143,256	£411,623	(£18,627)	9
SMT	£478,300	£239,584	£237,117	£467,530	(£10,770)	10
Environmental Services	£347,800	£168,883	£148,845	£341,910	(£5,890)	11
ICT	£1,217,910	£694,513	£611,083	£1,187,557	(£30,353)	12
Offices	£520,060	£332,860	£332,350	£512,100	(£7,960)	13
Planning Services	£308,920	£153,062	£146,280	£309,220	£300	
Policy and Community Development	£721,170	£335,975	£331,686	£668,322	(£52,848)	14
Revenue and Benefit Services	£183,090	£87,884	£82,667	£177,460	(£5,630)	15
	<b>£5,824,540</b>	<b>£2,719,833</b>	<b>£2,568,257</b>	<b>£5,586,104</b>	<b>(£238,436)</b>	
<b>Housing Services</b>						
Housing Strategy	£90,180	£44,604	£40,648	£92,460	£2,280	
Housing Advice	£14,990	£7,498	£7,303	£14,990	£0	
Housing Advances	£0	£0	£0	£0	£0	
Private Sector Housing Renewal	£135,960	£97,026	£94,059	£132,120	(£3,840)	
Homelessness	£216,260	£40,925	£20,550	£179,730	(£36,530)	16
Housing Benefits Payments	(£149,350)	£69,452	£135,027	(£214,180)	(£64,830)	17
	<b>£308,040</b>	<b>£259,505</b>	<b>£297,586</b>	<b>£205,120</b>	<b>(£102,920)</b>	
<b>Highways Roads &amp; Transport Services</b>						
Environmental Safety Routine Maintenance	£10,960	£5,486	£2,759	£10,850	(£110)	
Parking Services	£81,130	£53,174	£45,773	£81,400	£270	
Public Transport	£424,770	£330,194	£295,855	£425,180	£410	
	<b>£516,860</b>	<b>£388,854</b>	<b>£344,387</b>	<b>£517,430</b>	<b>£570</b>	
<b>Corporate and Democratic Core</b>						
Democratic Representation & Management	£329,320	£181,366	£174,672	£332,220	£2,900	
Corporate Management	£170,000	£82,183	£35,368	£170,000	£0	
	<b>£499,320</b>	<b>£263,549</b>	<b>£210,040</b>	<b>£502,220</b>	<b>£2,900</b>	
<b>Non-Distributable Costs</b>						
Capitalisation of Salaries	(£125,000)	£0	£0	(£125,000)	£0	
Transitional Vacancy Savings	(£355,780)	£0	£0	(£166,950)	£188,830	18
Premature Retirements	£49,700	£0	£863	£49,700	£0	
Contingency	£77,500	£0	£0	£77,500	£0	
Efficiency Savings	(£300,000)	£0	£0	(£300,000)	£0	
	<b>(£653,580)</b>	<b>£0</b>	<b>£863</b>	<b>(£464,750)</b>	<b>£188,830</b>	
<b>Total</b>	<b>12,279,970</b>	<b>6,742,380</b>	<b>6,236,304</b>	<b>12,101,159</b>	<b>-178,811</b>	

**Summary of Budget Variations 2009/10 – Quarter 2****Appendix 2**

Reference	Service Area	Variance Outturn-Budget
1	Local Land Charges	Less Income than budgeted due to the economic recession.
2	Environmental Health	Surplus income due to unbudgeted contribution from PCT towards staffing.
3	Crime Reduction	Salary savings due to vacancy.
4	Building Control	Salary savings due to vacancy.
5	Planning Policy	Additional grants from DCLG £7,500. North Northants Development Corporation contribution less than budget by £5,000.
6	Community Development	Salary savings due to vacancy.
7	Resources	Salary savings (£42k), Efficiency savings on Mail costs (£10k), savings on Procurement-Licence (£12k) and on Treasury Management-Consultants (£6K). Offset by various small over spent amounts.
8	Customer Services	Salary savings due to vacancy.
9	Organisational Development	Reduction in staff turn-over and recruitment has resulted in a reduced need for external adverts for new staff. More cost effective routes for advertising, for example the internet, are also being used.
10	SMT	Variance due to one post being split between Organisational Development. Offsetting variance forms part of the variance shown on that area.
11	Environmental Services	Salary savings due to vacancy.
12	ICT	Vacancy and maternity salary savings.
13	Offices	NNDR refund (£9,370) due to re evaluation requested by CAB, offset by £1,330 ENC van transport expenses not budgeted for.
14	Policy & Community Development	Salary savings due to vacancy. £10k savings on contract Media & Comm. Publishing.
15	Revenue & Benefit Services	Savings on business continuity, salary and mileage costs.
16	Homelessness	Extra grants from NCC (£28,500) and Kettering (£5,000) for Homelessness. £2,000 saving on Homelessness contract as inflation less than budgeted.
17	Housing Benefits Payments	Increase in Business Administration subsidy to deal with the increasing caseload arising from the recession. This will be offset by additional staffing and associated costs with the intention of carrying forward the remaining under spend to fund additional costs in 2010/11.

**Salary Budget Monitoring Report - September 2009**

Appendix 3

**Summary - All Departments**

<b>Directorate</b>	<b>Original 2009/10 Budget</b>	<b>Pay Award Savings</b>	<b>Updated 2009/10 Current Budget</b>	<b>2009/10 Current Budget to Date</b>	<b>Spend to Date</b>	<b>Variance to date</b>	<b>2009/10 Current Spend Forecast (B)</b>	<b>Forecast Variance A - B</b>
<b>Chief Executive Dept</b>	198,340	(2,570)	<b>195,770</b>	<b>97,900</b>	<b>96,043</b>	<b>(1,857)</b>	<b>191,747</b>	<b>(4,023)</b>
<b>Executive Director (ML)</b>	3,525,240	(67,540)	<b>3,457,700</b>	<b>1,728,900</b>	<b>1,669,320</b>	<b>(59,580)</b>	<b>3,328,586</b>	<b>(129,114)</b>
<b>Executive Director (SM)</b>	3,836,510	(26,610)	<b>3,809,900</b>	<b>1,905,000</b>	<b>1,823,387</b>	<b>(81,613)</b>	<b>3,633,037</b>	<b>(176,863)</b>
<b>Totals</b>	<b>7,560,090</b>	<b>(96,720)</b>	<b>7,463,370</b>	<b>3,731,800</b>	<b>3,588,750</b>	<b>(143,050)</b>	<b>7,153,370</b>	<b>(310,000)</b>