



East Northamptonshire Council

Finance Sub Committee - 15 February 2010

Revenue Budget Monitoring Report

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 31 December 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

1.0 Introduction

1.1. Part 2 of the Local Government Act 2003 made Member involvement in budget monitoring a statutory duty. This report details the financial position of the Council against the approved Revenue Budget. This report covers the period 1 April to 31 December 2009 and 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 spend, the monitoring of capital spend is covered by a separate report on the agenda.

1.3. These reports 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 the budget holder, responsible officer, or in their absence, the Head of Resources.

2.0 Commentary

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

	Current Budget 2009/10	Budget to date	Actual to date	Estimated Outturn	Variance Budget-Outturn
	£	£	£	£	£
Central Services	515,290	502,248	506,350	536,670	21,380
Cultural Environmental & Planning Services	5,181,900	3,754,441	3,993,166	5,024,110	(157,790)
Departmental & Support Services	5,681,000	4,079,703	3,790,808	5,413,003	(267,997)
Housing Services	291,140	274,179	206,067	227,710	(63,430)
Highways Roads & Transport Services	516,860	481,925	387,736	533,880	17,020
Corporate & Democratic Core	499,320	365,607	346,260	510,320	11,000
Non-Distributable Costs	(407,880)	23,067	23,067	(302,034)	105,846
Total Services	12,277,630	9,481,170	9,253,454	11,943,659	(333,971)
Investment Income	(494,000)	(370,500)	0	(480,000)	14,000
Total Budget	11,783,630	9,110,670	9,253,454	11,463,659	(319,971)

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 31 December 2009, the total anticipated variance for the year is £319,971 when compared to the current budget. The main reasons for this variance are:

Under budget £'000	Over budget £'000	Reason
	28	Reduced land charges income
	51	Salary savings below target – see 2.4. below
	44	Reduced trade waste income
	20	Increase in concessionary travel costs
	50	Drop in planning fees due to reduced activity
	25	Increase on electricity supply
	22	Increase in housing benefits administration costs
304		Efficiency savings as detailed in 2.6. below
74		Extra housing benefits administration subsidy
33		Contribution from PCT towards health improvement staffing
32		ICT refunds and cancellations of software licences
23		Savings in procurement licence and commission received
20		Printing costs reduced due to delay in approval of LDF
24		Savings on commercial refuse collection costs
50		Minor other savings
560	240	Total
320		Total under spend on services

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 £399,338 as detailed in Appendix 3. This is £50,662 less than we budgeted for. Savings totalling £342,920 have already been captured and removed from service budgets. We are anticipating a further £56,420 of savings to materialise for the remainder of the year.

- 2.5. Investment income for the year is anticipated to be £480,000, £14,000 below budget. Details of our investment performance for the first half year was reported to the meeting of this committee dated 26 October 2009.
- 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	18,000
Revenues and Benefits Business continuity	17,400
Historic Buildings Grants	17,000
Staff advertising	20,000
JPU Planning Contribution	30,000
North Northants Development Company contribution	5,000
Licences for mapping services	4,000
Life assurance	16,410
Software support	88,500
ICT Repair and Maintenance savings	11,000
Planning Consultants (Planning Policy LDF)	50,000
Maintenance of phones	8,000
Total	303,750

We have budgeted for total savings of £300,000 during 2009/10; this target has been met and we anticipate £3,750 more than budgeted for.

- 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
 - £3,000 – One off contribution to hate crime coordination.
- 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
Total		331,000

3.0 Summary

- 3.1. As detailed in the report and outlined in the appendices, we are predicting an under spend of £319,971 against existing budgets. After taking into account the supplementary estimates approved we are now anticipating the amount of transfer from general fund reserves to have increased from £1,421,200 to £1,432,229. This is below the threshold set at the last meeting.

4.0 Recommendation

4.1. That the report be noted.

Implications:						
Corporate Outcomes or Other Policy/Priority/Strategy						
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"/>	
Other:						
Decision(s) would be outside the budget or policy framework and require full Council approval						
Financial	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"/>
Risk Management	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"/>
Staff	There are no additional staffing implications					<input checked="" type="checkbox"/>
	Additional staff will be required – see paragraph					<input type="checkbox"/>
Equalities and Human Rights	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"/>
Legal	Power: Local Government Act 2003					
	Other considerations:					
Background Papers: Various financial records						
Person Originating Report: Robert Austin, Head of Resources						
Date: 1 February 2010						
CFO		MO		CX		

(Committee Report Normal Rev. 19)

Service Expenditure Summary End December 2009

Appendix 1

	Budget 2009/10	Budget to date	Actual to date	Estimated Outturn	Variance	Note
Central Services to the Public						
Elections	£38,700	£38,700	£31,190	£35,170	(£3,530)	
Emergency Planning	£27,030	£1,934	£26,703	£27,280	£250	
General Grants Bequests & Donations	£155,000	£135,245	£85,017	£152,000	(£3,000)	
Local Land Charges	(£58,070)	(£44,284)	(£17,367)	(£30,070)	£28,000	1
Local Tax Collection	£352,630	£370,653	£380,808	£352,290	(£340)	
	£515,290	£502,248	£506,350	£536,670	£21,380	
Cultural, Environmental and Planning Services						
Culture & Heritage	£17,400	£4,599	£8,506	£18,212	£812	
Recreation and Sport	£1,000,600	£727,467	£950,930	£996,950	(£3,650)	
Tourism	£141,090	£122,227	£101,952	£143,454	£2,364	
Open Spaces	£28,990	£19,500	£16,045	£28,940	(£50)	
Safety Services	£50,000	£39,035	£44,202	£50,000	£0	
Environmental Health	£625,390	£609,374	£491,289	£585,608	(£39,782)	2
Flood Defence & Land Drainage	£11,740	£6,176	£4,592	£10,200	(£1,540)	
Street Cleansing	£1,033,740	£771,577	£686,847	£1,011,280	(£22,460)	3
Waste Collection	£1,375,620	£1,003,117	£943,017	£1,395,972	£20,352	4
Crime Reduction	£149,620	£84,616	£91,084	£148,294	(£1,326)	
Building Control	(£38,150)	(£29,717)	(£25,429)	(£38,150)	£0	
Development Control	£144,110	£104,344	£166,942	£184,130	£40,020	5
Planning Policy	£331,760	£44,123	£295,987	£189,230	(£142,530)	6
Environmental Initiatives	£49,700	£49,140	£51,130	£49,700	£0	
Economic Development	£128,730	£104,914	£74,018	£126,960	(£1,770)	
Community Development	£131,560	£93,949	£92,055	£123,330	(£8,230)	7
	£5,181,900	£3,754,441	£3,993,166	£5,024,110	(£157,790)	
Departmental Central Support Services						
Resources	£1,147,660	£859,673	£608,289	£1,098,750	(£48,910)	8
Customer Services	£406,810	£304,159	£297,862	£401,040	(£5,770)	9
Organisational Development	£430,250	£342,304	£272,515	£378,281	(£51,969)	10
SMT	£465,390	£349,133	£348,657	£462,580	(£2,810)	
Environmental Services	£339,650	£251,779	£228,029	£341,310	£1,660	
ICT	£1,223,060	£701,917	£784,179	£1,089,846	(£133,214)	11
Offices	£524,910	£435,923	£419,533	£535,290	£10,380	12
Planning Services	£307,020	£231,099	£238,960	£307,610	£590	
Policy and Community Development	£653,160	£461,279	£472,910	£631,666	(£21,494)	13
Revenue and Benefit Services	£183,090	£142,437	£119,874	£166,630	(£16,460)	14
	£5,681,000	£4,079,703	£3,790,808	£5,413,003	(£267,997)	
Housing Services						
Housing Strategy	£85,280	£65,676	£34,619	£83,270	(£2,010)	
Housing Advice	£14,990	£11,244	£10,955	£14,990	£0	
Housing Advances	£0	£0	£0	£0	£0	
Private Sector Housing Renewal	£133,560	£114,934	£112,618	£132,120	(£1,440)	
Homelessness	£216,260	£137,392	£109,562	£208,230	(£8,030)	15
Housing Benefits Payments	(£158,950)	(£55,067)	(£61,688)	(£210,900)	(£51,950)	16
	£291,140	£274,179	£206,067	£227,710	(£63,430)	
Highways Roads & Transport Services						
Environmental Safety Routine Maintenance	£10,960	£8,224	£4,652	£9,680	(£1,280)	
Parking Services	£81,130	£59,092	£49,671	£79,260	(£1,870)	
Public Transport	£424,770	£414,609	£333,413	£444,940	£20,170	17
	£516,860	£481,925	£387,736	£533,880	£17,020	
Corporate and Democratic Core						
Democratic Representation & Management	£329,320	£249,613	£242,567	£331,320	£2,000	
Corporate Management	£170,000	£115,994	£103,693	£179,000	£9,000	18
	£499,320	£365,607	£346,260	£510,320	£11,000	
Non-Distributable Costs						
Capitalisation of Salaries	(£125,000)	£0	£0	(£125,000)	£0	
Transitional Vacancy Savings	(£107,080)	£0	£0	(£5,234)	£101,846	
Premature Retirements	£49,700	£23,067	£23,067	£53,700	£4,000	
Contingency	£74,500	£0	£0	£74,500	£0	
Efficiency Savings	(£300,000)	£0	£0	(£300,000)	£0	
	(£407,880)	£23,067	£23,067	(£302,034)	£105,846	
Total	12,277,630	9,481,170	9,253,454	11,943,659	(£333,971)	

Summary of Budget Variations 2009/10 – December 09

Ref.	Service Area	Variance Outturn-Budget
1	Local Land Charges	Reduced activity due to the economic recession. (£28k).
2	Environmental Health	Surplus income of nearly (£40k) is made up of first year contribution from PCT towards Health Improvement staffing costs of (£33k), increased income (£4k) from Gambling licences and (£3k) from Private Hire licences.
3	Street Cleansing	Savings on waste management contract arising from reduced inflation level.
4	Waste Collection	Income deficit from commercial Trade Waste of £44k partly offset by savings on commercial refuse collection costs of (£24k). Deficit reflects 33% drop in waste collected equivalent to 6 tonnes per week.
5	Development Control	£50k drop in planning fees due to reduced activity and delays on larger projects e.g. manor park leisure centre. Offset by £10k savings on Consultants due to reduced activity.
6	Planning Policy	LDF Inspectorate costs and Legal costs in connection with LDF lower than budgeted for this year. (£60k) Printing costs for LDF plan reduced by £20k following delay in approval of plan. Likely bid to carry forward some budget to 2010/11. Grants from DCLG higher than budgeted (£8k). Savings on contributions to North Northants Development Corporation (£5k) over budgeted, savings Historic Building Grants and JPU (£47k) reduced activity.
7	Community Development	Salary savings of (£1k) arising from vacant Community Development officers post plus projected saving of (£7k) on non allocation of Community planning & ABI grant as a result of staff sickness.
8	Resources	Savings of £59k as follows: Mail costs (£18k) as a result of changing provider to TNT, Procurement-Licence (£12k) due to cancelling IDEA Market Place licence, Staff Agency (£11k) accruing from commission on contract, Consultancy fees on Treasury Management (£6k) as this expenditure is now met by EnCor Financial Services, and Insurance (£12k) as a result of renewing the insurance policy and increasing the excess. Offset by £10k overspend on contributions to EnCor Financial Services due to agency staff used during the final accounts process for the year 2008/09.
9	Customer Services	Salary savings of 2x Customer Advisors post. To be used if upgrade of TIC staff goes ahead. This is under review.
10	Organisational Development	OD shows overall savings of £52K: £53K from Staff Advertising and Life Assurance, plus £7k employee contribution to private use of company vehicle. Staff advertising savings are the result of a reduction in staff turn-over and recruitment in line with budget review plus wherever possible advertising has been restricted to the internet. Life Assurance savings are the result of a corporate decision to remove this as a staff benefit. These savings have been off-set by a £10k overspend on Private Health Insurance due to no budget provision for NI Class 1.
11	ICT	Overall £133K savings resulting from: £30k on CRM system replaced by LAGAN, £30k on Academy system due to contingency not required and some modules no longer used, £15k accrued from previous years dispute resolved in ENC favour, £16k duplicate budgets for network switch maintenance and Academy module, £7k software support savings, £13k cancellation of software databases and licences no longer used, £9.4k refund following change of anti-virus/spam service provider, £13k server warranty savings due to virtualisation programme, £6k

Summary of Budget Variations 2009/10 – December 09

		savings on car allowances, and £5k over budgeted on Mapping Services Fees. Off-set by overspend of £11.5k due to the Oundle-Thrapston private circuit line not in budget.
12	Offices	Increase on Electricity supply (£25k) as a result of extra usage implementing the ICT shared services and changing the contract. Offset by NNDR refund (£9.4k) due to re evaluation requested by CAB, plus savings in maintenance of security systems (£4k).
13	Policy & Community Development	£10k savings on Media and Communications contract reflects lower than anticipated numbers of surveys. £5k savings on Misc Advertising not going to be spent as previously thought. £1.5k saving on Car Allowance due to staff sickness.
14	Revenue & Benefit Services	Deletion of duplicated cash collection budget (£15k) plus savings on re-negotiated business continuity contribution (£2k) and (£4k) salary and mileage savings arising from vacant Assessor post. Offset by new software costs £4K to meet EU directive on Electronic Licence Management Systems.
15	Homelessness	Grant funding higher than budgeted (£5k). Saving on Spire homes (£2k), inflation less than budgeted in contract.
16	Housing Benefits Payments	Increase in Business Administration subsidy of (£74k), to deal with the increasing caseload arising from the recession. This will be offset by additional staffing, computing software, stationery & postage costs of £22k. It is the intention,subject to committee approval, to carry forward any remaining under spend to fund additional costs in 2010/11.
17	Public Transport	Increase in concessionary travel costs reflect continued increase in passes issued - currently over 7,000 issued, an 18% increase over 2008/09.
18	Corporate Management	Three fold increase in the cost of auditing our benefit subsidy claim.

Salary Budget Monitoring Report - December 2009

Appendix 3

Summary - All Departments

Directorate	2009/10 Budget (A)	2009/10 Current Budget to Date	Spend to Date	Variance to date	2009/10 Current Spend Forecast (B)	Forecast Variance B - A
Chief Executive Dept	198,340	148,800	144,707	(4,093)	192,882	(5,458)
Executive Director (ML)	3,525,240	2,643,900	2,529,912	(113,988)	3,373,256	(151,984)
Executive Director (SM)	3,836,510	2,877,400	2,695,978	(181,422)	3,594,614	(241,896)
Totals	7,560,090	5,670,100	5,370,597	(299,503)	7,160,752	(399,338)