



## Finance Sub Committee - 15 September 2010

### Revenue Budget Monitoring Report

#### Summary

This report details revenue spend against the approved budget for the period ended 31 July 2010 together with the likely outturn figure for this financial year.

#### Attachment(s)

Appendix 1 - Service Expenditure Detailed Analysis

Appendix 2 - Summary of Variations

#### 1.0 Introduction

- 1.1. This report provides an overview of the Council's revenue spending against the approved revenue budget for the period ended 31 July 2010 and highlights any significant under or over spending and their impact on the year end position. The Council's capital spending is reported separately under the next item on the agenda.
- 1.2. 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 and OD.

#### 2.0 Commentary

- 2.1 The Council approved a total budget requirement of £12,299,279 for 2010/11 but this figure included Parish precepts and a number of technical accounting entries and adjustments. For monitoring purposes the Sub-Committee is only concerned with true income and expenditure and the approved revenue budget included the net cost of services, before such adjustments and items, at £11,427,892. There have been no supplementary estimates approved, other than items being externally funded, and the current budget remains at this figure.
- 2.2 The estimated outturn for the year shows a projected over spending of about £466,000 in 2010/11. Full details of the major variations are shown in Appendix 1 and detailed explanations are given in Appendix 2.
- 2.3 This overspend should come as no surprise as Members were advised at the Council meeting on 19 July 2010 that the Government's in year grant cuts and other changes would result in our budget being significantly overspent this year. The projection reported in July was an overspend of about £480,000 mainly due to the withdrawal of £390,000 in Housing and Planning Delivery Grant (HPDG).
- 2.4 Officers and the Budget Review Group continue to identify savings to address the overspending and the on going budgetary shortfall within the Medium Term Financial Strategy. Further opportunities for savings will be reported to the Policy and Resources Committee on 13 September and any agreed savings will be reflected in subsequent monitoring reports.
- 2.4 In setting the budget we are anticipating an overall under spending on our salary budgets in 2010/10 of £250,000 to reflect the turnover of staff and the continuation of the policy of

reviewing all vacancies and only filling essential posts. Monitoring of vacant posts shows savings of £222,700 by not filling vacancies and therefore it is anticipated that this level of savings will be achievable in 2010/11.

2.5 The approved budget also included £300,000 in savings to be achieved from changes to terms and conditions of employment and a pay freeze (£200,000) and a management restructure of (£100,000). The changes to terms and conditions and pay freeze were duly implemented and savings will be achieved as planned. The Personnel Sub-Committee is monitoring the cost of the management restructuring and it was reported at its meeting on 31 August 2010 that the estimated savings will be £156,000 in 2010/11 and £196,000 in the full year, the savings being far greater than originally anticipated. However, the savings in 2010/11 will be reduced by one off costs, such as redundancy, additional pension contributions and career support packages, totalling £115,000. The net saving in 2010/11 will be about £41,000. Appendix 1 reflects the savings and one off costs.

2.6 Members will note that items have been approved from the Contingency Reserve. In accordance with the agreed use of the contingency details, the sums allocated by the Chief Finance Officer or the Policy and Resources Committee are:

- £15,000 – legal procurement advice in respect of waste tender;
- £5,000 – support with restructuring together with career support for staff affected

### 3.0 Recommendation

3.1 That subject to Members views, the current revenue budget overspend in 2010/11 be noted.

<b>Implications:</b>	
<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 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 type="checkbox"/>
<b>Other:</b>	<input type="checkbox"/>
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 - section 2 <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 – 456 & 548 inherent risk score - high residual risk score - high <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 1972 and 2003
	Other considerations:
<b>Background Papers:</b> General Ledger Reports and supporting documentation	
<b>Person Originating Report:</b> Mark Lovell, Chief Finance Officer	

<b>Date: 06 September 2010</b>					
<b>CFO</b>		<b>MO</b>		<b>CX</b>	

(Committee Report Normal Rev. 21)

## Service Expenditure Summary End July 2010

	Budget 2010/11	Budget to date	Actual to date	Estimated Outturn	Variance	Note
<b>Central Services to the Public</b>						
Elections	£26,200	£510	(£2,621)	£22,700	(£3,500)	
Emergency Planning	£32,030	£2,178	£2,057	£32,030	£0	
General Grants Bequests & Donations	£110,000	£36,795	£69,532	£110,000	£0	
Local Land Charges	(£44,280)	(£12,484)	(£10,709)	(£44,280)	£0	
Local Tax Collection	£337,780	£99,733	£188,342	£339,180	£1,400	
	<b>£461,730</b>	<b>£126,732</b>	<b>£246,601</b>	<b>£459,630</b>	<b>(£2,100)</b>	
<b>Cultural, Environmental and Planning Services</b>						
Culture & Heritage	£17,400	(£595)	(£206)	£17,400	£0	
Recreation and Sport	£681,450	£211,658	£268,175	£681,520	£70	
Tourism	£143,140	£55,561	£47,726	£154,960	£11,820	1
Open Spaces	£19,660	£8,400	£17,204	£19,700	£40	
Safety Services	£32,133	£9,547	£16,741	£32,133	£0	
Environmental Health	£613,883	£193,203	£216,638	£630,638	£16,755	2
Flood Defence & Land Drainage	£9,710	£2,372	£1,494	£9,670	(£40)	
Street Cleansing	£1,044,213	£349,920	£249,454	£1,044,213	£0	
Waste Collection	£1,429,883	£452,533	£398,056	£1,521,298	£91,415	3
Crime Reduction	£113,450	£126,878	£104,664	£113,450	£0	
Building Control	(£41,625)	(£14,613)	(£8,318)	(£41,625)	£0	
Development Control	£156,400	£52,176	(£33,335)	£146,400	(£10,000)	4
Planning Policy	£123,980	£178,088	£142,149	£494,980	£371,000	5
Environmental Initiatives	£53,920	£26,010	£50,097	£53,920	£0	
Economic Development	£142,870	£45,693	(£344)	£138,010	(£4,860)	
Community Development	£148,840	£91,525	£42,712	£150,080	£1,240	
	<b>£4,689,307</b>	<b>£1,788,356</b>	<b>£1,512,906</b>	<b>£5,166,747</b>	<b>£477,440</b>	
<b>Departmental Central Support Services</b>						
Resources and Organisational Development	£1,663,562	£490,633	£363,119	£1,679,182	£15,620	6
Customer and Community Services	£952,720	£292,435	£300,301	£1,042,050	£89,330	7
SMT	£465,940	£155,032	£152,441	£466,950	£1,010	
Environmental Services	£332,050	£109,084	£97,209	£332,050	£0	
ICT	£1,209,050	£712,079	£519,902	£1,110,535	(£98,515)	8
Offices	£533,600	£266,217	£246,029	£542,890	£9,290	9
Planning Services	£291,410	£96,091	£86,656	£283,810	(£7,600)	10
	<b>£5,448,332</b>	<b>£2,121,571</b>	<b>£1,765,655</b>	<b>£5,457,467</b>	<b>£9,135</b>	
<b>Housing Services</b>						
Housing Strategy	£96,901	£33,986	£32,401	£89,901	(£7,000)	11
Housing Advice	£15,210	£5,072	£4,939	£15,210	£0	
Private Sector Housing Renewal	£127,009	£82,220	£80,541	£127,009	£0	
Homelessness	£229,070	£42,637	£13,496	£225,920	(£3,150)	
Housing Benefits Payments	(£270,087)	£15,330	£816,657	(£266,807)	£3,280	
	<b>£198,103</b>	<b>£179,245</b>	<b>£948,034</b>	<b>£191,233</b>	<b>(£6,870)</b>	
<b>Highways Roads &amp; Transport Services</b>						
Environmental Safety Routine Maintenance	£10,130	£3,380	£990	£10,130	£0	
Parking Services	£67,580	£55,660	£40,379	£56,070	(£11,510)	12
Public Transport	£290,970	£228,273	£249,227	£290,760	(£210)	
	<b>£368,680</b>	<b>£287,313</b>	<b>£290,595</b>	<b>£356,960</b>	<b>(£11,720)</b>	
<b>Corporate and Democratic Core</b>						
Democratic Representation & Management	£316,720	£131,368	£124,640	£316,720	£0	

**Appendix 1**

Corporate Management	£135,000	£0	£4,065	£135,000	£0
	<b>£451,720</b>	<b>£131,368</b>	<b>£128,705</b>	<b>£451,720</b>	<b>£0</b>
<b>Non-Distributable Costs</b>					
Capitalisation of Salaries	(£75,000)	£0	£0	(£75,000)	£0
Transitional Vacancy Savings	(£250,000)	£0	£0	(£250,000)	£0 13
Premature Retirements	£55,020	£860	£860	£55,020	£0
Contingency	£80,000	£0	£0	£80,000	£0
Efficiency Savings	£0	£0	£0	£0	£0 14
	<b>(£189,980)</b>	<b>£860</b>	<b>£860</b>	<b>(£189,980)</b>	<b>£0</b>
<b>Total</b>	<b>11,427,892</b>	<b>4,635,445</b>	<b>4,893,357</b>	<b>11,893,777</b>	<b>(465,885)</b>

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**Notes on variances at 31 July 2010**

Note:

1. Initial variance reflects loss of income at TIC offset by salary savings. A report on the future of the TIC is due to be submitted to P&R Committees on 13 September the outcome will be reported in subsequent monitoring reports.
2. Overspend of £17k mainly from income shortfall on pest control services arising reduced demand for destruction of wasp nests, mice control and commercial premises contracts relating to insects.
3. Income deficit of nearly £92k made up of £47k on commercial premises trade waste income due to reduced demand; £20k on green waste and £25k on recycling contributions from NCC. The latter is due to the reduction in tonnage of recyclables collected.
4. Salary savings due to vacancy.
5. HPDG withdrawn £390k, offset by salary savings (£15k) and NNDC grant (£5k).
6. Includes £20k one off cost stemming from management restructuring and plus £12k overtime in the Elections Section due to General Election. This is offset by savings of £10k Staff Advertising (reduced turnover of staff), £13k on Internal Audit and Finance shared services, £4k additional staff contribution to Company Cars and savings elsewhere in Elections.
7. One off costs due to management restructuring of £87.5k.
8. Savings of £78k in salaries due to transitional vacancy saving, maternity leave, freezing of vacant posts and minor restructuring; £6.3k in car allowance to reflect reduction in number of essential car users and reduced mileage; £12.5k Internet related charges, and £1.5k in minor savings
9. Vacant office space at the Rushden Centre loss of rental income.
10. Salary savings due to vacancy.
11. Salary Savings due to officer working reduced hours.
12. Savings on Business Rates following revaluation.
13. Salary savings shown in individual services above.
14. The £300k included in the base budget for has been allocated to individual services.