

REPORT TO: Cabinet

DATE: 27 January 2011

SUBJECT: Revenue Budget 2010/11 – Third Quarter Monitoring

WARDS AFFECTED: All

REPORT OF: John Farrell
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EXEMPT/CONFIDENTIAL: No

PURPOSE/SUMMARY:

To provide Members with information regarding the budget monitoring position for 2010/11 as at the end of December 2010.

REASON WHY DECISION REQUIRED:

This report provides information on the current year's budget monitoring in order for Members to consider whether any corrective action is needed.

RECOMMENDATION(S):

Cabinet is recommended to note the projected year-end financial position.

KEY DECISION: No

FORWARD PLAN: No

IMPLEMENTATION DATE: Following the expiry of the call-in period for this meeting.

ALTERNATIVE OPTIONS: None

IMPLICATIONS:

Budget/Policy Framework:

The budget provides the limits for expenditure by the Council for the year and helps set the framework for future years' financial planning.

Financial:

The report presents the projected outturn position for the Authority for 2010/11; a potential underspend of £1.236m has been projected. The budget will continue to be closely monitored for the remainder of the year.

<u>CAPITAL EXPENDITURE</u>	2010/ 2011 £	2011/ 2012 £	2012/ 2013 £	2013/ 2014 £
Gross Increase in Capital Expenditure	N/a	N/a	N/a	N/a
Funded by:				
Sefton Capital Resources	N/a	N/a	N/a	N/a
Specific Capital Resources	N/a	N/a	N/a	N/a
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure	N/a	N/a	N/a	N/a
Funded by:				
Sefton funded Resources	N/a	N/a	N/a	N/a
Funded from External Resources	N/a	N/a	N/a	N/a
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

Legal:

None

Risk Assessment:

Spending in the remainder of the financial year will need to be monitored to ensure that the Authority's expenditure remains within the overall budget.

Asset Management:

None

CONSULTATION UNDERTAKEN/VIEWS

Information supplied by service departments

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community	√		
2	Jobs and Prosperity	√		
3	Environmental Sustainability	√		
4	Health and Well-Being	√		
5	Children and Young People	√		
6	Creating Safe Communities	√		
7	Creating Inclusive Communities	√		
8	Improving the Quality of Council Services and Strengthening local Democracy	√		

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

Departmental Budget Monitoring Statements for December 2010.

1. **Introduction**

- 1.1. This report presents the budgetary position for the Council, as at the third quarter for 2010/11 i.e. to the end of December 2010.
- 1.2. This monitoring statement identifies a projected year-end net underspend of £1.236m. This compares with a forecast underspend of £0.050m for the period up to the end of August, as declared at the 30 September 2010 Cabinet meeting.

2. **Budget Monitoring 2010/11 – Projected Outturn as at December 2010**

- 2.1. The main projected budget variations as at the end of December 2010 are analysed below: -

2.1.1. **Children's Services Directorate**

- 2.1.1.1. Expenditure in Children's Services is projected to underspend by £0.317m. A major area of underspend is on Supplies & Services and Schools Premature Retirement Compensation costs; these total some £0.475m. In addition, following the de-commissioning of Contact Point, a one-off saving of £0.140m has been identified for 2010/11.

However, additional social workers have been employed to provide family support / preventative services; the aim being to reduce the number of children coming into care and thereby reducing the overall cost to the Council. The projected year-end overspend for Employees is £0.149m. The Looked-After Children budget is forecast to exceed available resources by £0.056m;

2.1.2. **Communities Directorate**

- 2.1.2.1. Environmental Services are projecting a net underspend of £0.100m, principally due to staffing and supplies and services savings;
- 2.1.2.2. The Neighbourhood & Investment Programmes Department's budget is forecast to underspend by £0.226m. This is principally due to lower employee costs arising from vacancies and voluntary redundancy / voluntary early retirements.
- 2.1.2.3. The Operational Services Department is forecasting a net overspend of +£0.643m; a slight reduction from the projected overspend reported in September (+£0.854m).

The major reason for this position is the additional costs of the Specialist Transport Unit (£1.053m). However, the introduction of the new route optimisation software and other anticipated efficiencies from January 2011 will help to reduce this overspend. Substantial savings are expected in 2011/12 through a combination of route rationalisation and a new bus/taxi framework.

Other budget savings, are expected in 2010/11 to help reduce the overall overspend figure. These include additional income generation from Recycling Credits (-£0.100m), Building Cleaning (-£0.100m), Public Convenience and Commercial Skip Income (£-0.065m) and other net reductions in expenditure (-£0.145m).

- 2.1.2.4. Technical Services are projecting an overspend of £0.267m, compared to the overspend position of £0.741m identified in September. The main reduction is due to the cost of Highways works being reduced by £0.450m.

The principal reason for the current projected overspend is due to a shortfall on income budgets of £0.594m (including the reduced ability to recharge costs to capital).

2.1.3. **Corporate Resources Directorate**

- 2.1.3.1. It is anticipated that the Chief Executive's Business Support Unit will underspend by £0.144m at the year-end, largely due to employee costs. Vacant posts have been kept vacant pending the review of Financial Management across the Authority and savings are being achieved through the voluntary redundancy / voluntary early retirement exercise.

- 2.1.3.2. The Corporate Finance & IS Department budget is projecting an underspend of £1.336m. This is made up of projected savings £0.335m on employees costs, increased Housing Benefit receipts of £0.501m and £0.500m on Capital Financing costs. This latter item is due to higher than projected receipts on investments and savings as a result of the policy to "internally borrow" for capital expenditure (i.e. the use of temporary internal cash to finance expenditure, rather than borrowing from the Public Works Loan Board);

- 2.1.3.3. The Legal Department is forecasting an overspend of £0.197m, arising principally from a reduction in commercial contract fees (£0.157m) due to the lower capital programme activity and hence less opportunity to recharge expenditure to capital;

2.1.4. **Social Care and Well-Being Directorate**

- 2.1.4.1. Adult Social Care are forecasting an overspend of £0.105m. The principal reason for this is due to community care packages exceeding the available budget by £0.258m. Net savings in other areas (£0.153m) are expected to reduce the overall overspend figure.

- 2.1.5. **Council-Wide Issues** – A net year-end underspend of £0.323m is forecast.

As reported previously, VAT paid over a number of years on certain leisure and tourism activities has been able to be recovered (the HMRC lost a legal case nationally). This is expected to be at least £0.750m.

The abolition of Housing, Planning Delivery Grant; has meant that the income budget of £0.145m is unachievable. In addition, the change in legislation with

regard to an authority's ability to charge fees on Land Charges, has resulted in a projected overspend of £0.240m.

- 2.2. The projected variations analysed by Department as at the end of December are shown below:

	December
	£'000
Assistant Chief Executive	-21
Children's Services	-317
Communities -	
- Environment	-100
- Neighbourhood, Investment Programme	-226
- Operational Services	+643
- Planning & Regeneration	+71
- Safer Stronger Communities	0
- Technical Services / Admin Buildings	+267
Corporate Resources -	
- Business Support Unit	-144
- Corporate Finance & IS	-1,336
- Legal	+197
- Personnel	-39
Social Care & Well-Being	
- Adult Social Care	+105
- Leisure & Tourism	-13
Council Wide / Government changes	-323
	<u>Month end variation</u>
	<u>-1,236</u>

3. Recommendation

- 3.1. Cabinet is recommended to note the projected year-end position.