

REPORT TO CABINET

Title: **SERVICE MONITORING REPORT**

Date: 23 April 2009

Member Reporting: Councillor Hilton

Contact Officer(s): Andrew Brooker, Head of Finance, x6341

Wards affected: All

1. SUMMARY

- 1.1 This service monitoring report provides a monthly update on service delivery with emphasis on the impact on the council's financial position. Whilst we are now past the year end, the reported position is projected as year end debtors and creditors are still being processed.
- 1.2 Services are currently projecting expenditure of £86,039k (down £409k since last month's £86,448k). The approved estimate is £86,466k (up £139k from last month's £86,303k, mainly as a result of additional provision for pay awards now being incorporated in service budgets). The expected under spend is therefore £427k (last month: overspend of £145k). See section 3 for more details.
- 1.3 General balances at year end are projected to be £ 5.245m (last month £4.676m) before carrying forward balances of £237k to 2009-10 – see section 4 for more details.
- 1.4 The approved capital programme has decreased by £1.792m since last month to £25.921m, which is funded by grants and contributions. Variances are £148k, slippage is £3.494m. See section 5 for more details.

2. RECOMMENDATION: That:

- i) The provisional revenue and capital outturn figures in Appendices B and C be noted.
- ii) The budget variations contained in sections 3.4 to 3.6 be approved.
- iii) The capital programme variances and slippage identified in Appendix C be approved.
- iv) The Leader, the Lead member for Children's Services and the Director of Children's Services be delegated to review and approve the carry forward of budget to 2009-10 of up to £237k as included in section 4 of the report.

What will be different for residents as a result of this decision?
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The Council is responsible for ensuring that it has put in place the proper arrangements to secure economy, efficiency and effectiveness in its use of resources. If the management of services and their budgets are not regularly reviewed, any and all services for residents could be adversely affected and Council
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Tax levels may be affected.

3. SUPPORTING INFORMATION

3.1 Background

3.2 As at 31st March 2009, total service expenditure for 2008/9 is expected to be £86,039k (down £409k from last month's £86,448k).

3.3 Summaries of the Council's provisional outturn Revenue and Capital financial reports are contained in Appendices A and B respectively. The revenue report includes income and expenditure statements together with a short Directorate report drawing members' attention to key activities affecting the current and future years.

3.4 Learning & Care reports that its 2008-9 costs are projected to be under spent by £289k (down £352k from last month's predicted overspend of £63k) on its approved estimate of £48,759k (an increase of £45k on last month's approved estimate of £48,714k). The budget has been increased to allow for redundancy costs (£35k) and £50k for the recommended 0.3% for pay awards, as agreed at the March 2009 Cabinet meeting, and reduced by £40k from under spends on 2 grant-funded projects (£10k Pump-Priming Grant for Improving Carers Quality of Life, and £30k LPSA Reward Grant for Support to Concessionary Fares), which will be available for reallocation next year.

Children's Services are expected to be overspent by £192k, a decrease of £276k on last month. Of this, an estimated £50k arises from recovery of staff costs from the General Sure Start Grant, and most of the rest relates to under spends on three Area Based Grant budgets – notably Child and Adolescent Mental Health Services.

Adult Social Care is expecting to under spend by £568k (down £168k from an expected under spend last month of £400k). The change mainly relates to projected under spend on 2 grant-funded projects – Transforming Social Care (£75k) and Stroke Care (£82k). This is offset by reduced application of ring-fenced Government grant which will be carried forward to be allocated next year.

3.5 Community Services reports a projected under spend of £65k (down £160k from last month's anticipated overspend of £95k) from the approved estimate of £22,705k (down £105k from last month's approved estimate of £22,810k). The budget has been increased because of a £23k Area Based Grant for climate change and £54k for the recommended 0.3% for pay awards. The Licensing Services budget of -£180k has transferred to Community Services from Corporate Services.

There have been some small increases in costs in several areas. The overall saving has mainly been achieved by further reductions in tonnages to landfill, a rate rebate for the Waste Transfer Station and increased licensing income.

3.6 The Chief Executive reports that Corporate Services expenditure is expected to be £14,929k, which is £73k lower (last month: £13k lower) than the approved estimate of £15,002k (increased by £223k since last month's £14,779k). The budget for Licensing Services has transferred to Community Services (-£180k) and £40k has been added to allow for the approved 0.3% increase on salaries, per the decision at March cabinet.

Increased costs in the Coroner's Service (£40k), Local Land Charges (£35k), Benefits Fraud (£30k), HR (£9k) and Corporate Performance & Development (£7k) have been more than offset by underspends in Legal Services (-£44k), Exchequer Services (-£20k), Pension Fund (-£43k), Members' Allowances (-£35k) and Corporate Human Resources (-£12k).

4. OVERALL POSITION

Appendix A shows projected year-end reserves to have increased by £569k to £5.245m from the previous month's £4.676m, before the commitment to carry forward balances of £237k to 2009-10. There has been an increase in service budgets of £163k, and additional under spends of £572k have been identified this month (see 3.4 to 3.6). The provision for increased salaries of £200k has now been accounted for in the service budget lines, and the contribution from earmarked reserves have been reduced by £40k re. LPSA and PPG grant under spends (see 3.4).

The commitment to carry forward £237k of balances to 2009-10 relates to three grant-funded areas under spent within Learning & Care: CAMHS (£156k), Teenage Pregnancy (£25k) and Extended Services (£56k).

5. CAPITAL

5.1 Capital Budget Movements Since Budget Report

Total capital expenditure for 2008/9 is expected to be £22.575m, which is £3.346m below the approved budget. This is made up of £148k variances and £3.494m slippage and is summarised as follows:-

	Exp	Inc	Net
	£'000	£'000	£'000
Approved Budget March	25,921	-15,266	10,655
Variances identified	148	-12	136
Slippage to 2009/10	-3,494	1,948	-1,546
Projected capital programme 2008/2009	22,575	-13,330	9,245

5.2 Projected Capital Variances and Slippage

Community Services reports that the capital budget is likely to be overspent by £11k, with slippage of £1.962m

Learning & Care expect a net underspend of £85k, with slippage of £1.338m

Resources expect a net overspend of £222k, with slippage of £194k.

Further details can be found in Appendix C.

5.3 Overall Programme Status

The project statistics show the following position as at the end of March 2009:

Number of Schemes in Programme	469
Yet to Start	6%
In Progress	34%
(Of which Ongoing Annual Programmes e.g.. Disabled Facilities Grant)	6%
Completed	46%
Devolved Formula Capital Grant schemes (Data not available on budgets devolved to schools)	14%

6. OPTIONS AVAILABLE AND RISK ASSESSMENT

6.1 Options

	Option	Comments	Financial Implications
1.	Accept the report	Directors have a responsibility for managing their Services within the Budget approved by Council. Cabinet has limited power to vary those budgets within the overall budget and policy framework or to re-define the priorities agreed when the budget was approved. Cabinet does however have responsibility for considering the impact on future year's budgets of the decisions taken.	Revenue Capital
2.	Reject the report	This is not an option as The Local Government Act 2003 requires the Royal Borough to monitor its financial position	Revenue Capital

6.2 Risk assessment

Risk assessments are carried out as a matter of course for the delivery of individual services. The main financial risks are included on the Council's Risk Register. Paragraphs 3.8 to 3.15 discuss the risks associated with the current economic downturn.

The Council's Financial Strategy outlines the measures available to it in the event of a series of events that lead to significant projected budget variances being reported.

7. CONSULTATIONS CARRIED OUT

No specific consultation is carried out as this is a regular monitoring report

8. COMMENTS FROM THE OVERVIEW AND SCRUTINY PANEL

Relevant components of this report will be considered by each of the four scrutiny panels as part of their next round of meetings.

IMPLICATIONS

9. The following implications have been addressed where indicated below.

Financial	Legal	Human Rights Act	Planning	Sustainable Development	Diversity & Equality
✓	✓	N/A	N/A	N/A	N/A

Background Papers: Cabinet 26 March 2009 – Monitoring report.