

REPORT TO CABINET

Title: **SERVICE MONITORING REPORT**

Date: 28 May 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 is the final report for the financial year ended 31st March 2009.
- 1.2 Total service expenditure for 2008-9 was £85,458k, subject to final confirmation by the external auditors. The approved estimate was £86,171k. The underspend was therefore £713k. See section 3 for more details.
- 1.3 General balances at year end are £5.583m before carrying forward balances of £675k to 2009-10 – see section 4 for more details.
- 1.4 Final capital expenditure for 2008-9 was £21.473m, funded by grants and contributions. This was £1.104m below the approved capital budget of £22.578m and was made up of variances of -£44k and slippage of -£1.061m. See section 6 for more details.

2. RECOMMENDATION: That:

- i) The draft final 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 carry forward of £675k of budget to 2009-10 per section 4 be approved.**
- v) That an additional transfer of £400k to the economic contingency reserve, per section 5, be approved.**

What will be different for residents as a result of this decision?
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 Tax levels may be affected.

3. SUPPORTING INFORMATION

3.1 Background

3.2 Total service expenditure for 2008/9 was £85,458k. This is £713k below the approved estimate of £86,171k. Service accounts have now been closed

3.3 Summaries of the Council's final 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 year.

3.4 The Learning & Care directorate spent £47,986k in 2008/9, which is £634k lower than the approved estimate of £48,620k.

3.5 The Community Services directorate spent £22,574k in 2008/9, which is £75k lower than the approved estimate of £22,649k.

3.6 The Corporate Services directorate spent £14,898k in 2008/9, which is £4k lower than the approved estimate of £14,902k.

4. OVERALL POSITION

Appendix A summarises the final outturn position and shows year end reserves to be £5.583m before any carry forwards. It is requested that commitments of £675k relating to area based grants are carried forward to 2009-10, which would leave a total on uncommitted balances of £4.908m.

The authority to carry forward £237k of this amount was delegated at the April 2009 cabinet, which has subsequently been finalised at £217k. Since then a further five area-based grant underspends have been identified as part of closing the final accounts. These are Childrens Social Care Workforce (£17k), Adult Social Care Training (£41k), 14-19 Partnership Funding (£7k), Mental Capacity Act/DOLS (£23k) and Local Involvement Networks (£12k). In addition, the youth & community budget has been rebased (£358k).

As reported throughout the financial year, "capital financing including interest receipts" includes a higher than originally budgeted level of interests on balances. Consequently this line is underspent by some £1,388k.

There has been an increase in the general provision for bad debt of £42k, as a result of analysing debt at year end.

The contribution to the capital reserve has increased to £307k, £10k greater than previously anticipated following on from a final calculation after year end.

5. FUTURE YEARS IMPLICATIONS

During the end of year process Directors considered what impact the out turn may have of futures years. In particular staff pay was settled in 2008/09 at 0.3% above original provisions. In addition employers side initial offer was 0.5% well below the 2% originally budgeted for 2009/10. Whilst it is early in the negotiation cycle the impact of both of these could provide a cushion of over £500.

The economic climate remains uncertain which could affect income from our car parks and corporate estates.

Directors will keep all budgets under constant review during 2009/10 and provide monthly reports to Cabinet along with appropriate actions where necessary.

Whilst Cabinet has approved the provision of £1.2m Economic Contingency reserve in March 2009, should the recession deepen the call on council services could be greater than expected. Consequently, it is recommended that a further £400k is transferred to the Economic Contingency Reserve to help support any actions required to support services and clients.

The effect of increasing this provision is to reduce the General Fund balance to £4.908m at the end of 2008/09. However, this balance remains well within the recommended minimum General Reserves level of £4.53m approved by Council on 24 February

6. CAPITAL

6.1 Capital Budget Movements Since Budget Report

Final capital expenditure for 2008/9 was £21.473m, which is £1.105m below the approved budget. This is made up of £44k variances and £1.061m slippage and is summarised as follows:-

	Exp	Inc	Net
	£'000	£'000	£'000
Approved Budget March	22,578	-13,222	9,356
Variances identified	-44	-48	-92
Slippage to 2009/10	-1,061	921	-140
Projected capital programme 2008/2009	21,473	-12,349	9,124

6.2 Projected Capital Variances and Slippage

Community Services reports that in comparison to the approved budget, there is a net overspend of £25k with slippage of £50k

Learning & Care reports a net underspend of £58k, with slippage of £985k nearly all relating to schools devolved formula capital.

Resources reports a net underspend of £11k, with slippage of £26k

Further details can be found in Appendix C.

7. OPTIONS AVAILABLE AND RISK ASSESSMENT

7.1 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

7.2 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 Councils 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.

8. CONSULTATIONS CARRIED OUT

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

9. 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

10. 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 24 July 2008 – Monitoring report.