

REPORT TO CABINET

Title: **SERVICE MONITORING REPORT**

Date: 17 December 2009

Member Reporting: Councillor Kellaway

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

Wards affected: All

1. SUMMARY

- 1.1 This report reviews the Royal Borough's current projected pattern of spend against its approved estimate. Appended are the Strategic Directors report on their relative performance.
- 1.3 The mechanism of "grazing" budgets to take known savings into reserves continues. To date a net £139k has been transferred. There are, however, some anticipated additional costs which managers are asked to reduce.
- 1.4 Reserves at the year-end are anticipated to be £5.702m. General Reserves balances are expected to be £4.363m with a total of £1.339m being held in the Economic Contingency Reserve. This compares with a position at the start of the year of £5.202m in General Reserves (after carry forwards) and £1.2m in the economic contingency.
- 1.5 There has been £996k slippage of the capital programme into 2010/11 but the remaining schemes totalling £53.142m are on target for 2009-10.

2. RECOMMENDATION: That:

i) This month's movements, £38k, in the revenue budget contained in paragraph 3.2 be approved.

ii) The provisional revenue and capital outturn figures be noted, and the slippage of £996k as detailed in Appendix C be approved.

iii) That Directors work with Lead members to develop proposals to contain expenditure within current budget limits.

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 Budget Movements

3.2 There have been a number of budget movements since the 1st April 2009. A summary of the movements approved up to the last Cabinet meeting, and details of movements recommended for approval at this Cabinet meeting are set out below:

	£'000
Original Budget	87,082
1 Changes Approved up to November Cabinet	1,380
Changes Recommended for December Cabinet	
2 Supplementary Estimate for additional Staffing requirements within Revenue & Benefits	33
3 Allocation of Healthy Schools Enhancement Model - ABG	6
4 Other	(1)
Allocation from Development Fund	
Allocation from Economic Contingency Reserve	
The following areas are under economic pressure. They will be kept under review for the next few months. However, it may be necessary to draw down on budget support in the longer term. – Housing Benefits, Council Tax, Land Charges.	
Total changes for December Cabinet	<u>38</u>
New Service Expenditure Budget	<u>88,500</u>

3.3 Where there is a distinct saving the current years budget is reduced and the consequential saving diverted to a separate contingency fund. This month no further amounts were set aside. To date, £139k has been set aside this year.

3.4 Where savings are uncertain this is noted on the revenue summary and kept under review for a period of time (typically three months). If, during that time, it is clear that there is indeed a definite saving the agreed sum is extracted to the contingency fund.

3.5 Directors have reassessed their anticipated spend based on current activity and overall costs are expected to be £1.460m greater (last month: £1.107m greater) than the approved estimate. Each Director has summarised their service pressures in Appendix A. However the key pressure arises from Children's Services – Safeguarding Children. Total (+)£1,304k. This is due to additional residential care costs and the current unprecedented demand for foster care placements.

4. OVERALL POSITION

General Reserves are expected to stand at £4.363m. Including the contingency reserves, the overall reserves position is therefore £5.702m. This compares to an overall reserves position last month of £5.562m and £6.402m at the start of the year.

A VAT claim is progressing as a result of the ruling by the House of Lords in the Fleming and Conde Nast case. To date we have received £820k. The Area Based Grant has been increased by £11k. It is recommended that a contribution of £300k be made to the Development Fund.

	Development Fund	Contingency Reserve
Opening Balance	2,453	1,200
Movements In	300	1,324
Movements Out	-80	-1,185
Closing Balance	2,673	1,339

5. CAPITAL

5.1 Capital Budget Movements

The approved 2009-10 capital budget stands at £54.614m.

	Exp £'000	Inc £'000	Net £'000
Approved Budget November 2009	54,614	(44,442)	10,172
Variances identified	(476)	598	122
Slippage to 2010/11	(996)	926	(70)
Projected capital programme 2009/2010	53,142	(42,918)	10,224

Variances to November are (-)£476k compared to (-)£639k last month.

A further (+)£996k (£543k last month) of slippage has accrued in November 2009 (details in Appendix C) and authority is sought to slip this to 2010-11.

5.2 Overall Programme Status

The project statistics show the following position as at the end of November 2009. For comparison purposes the figures for November 2008 are also shown:

	09-10	08-09
Number of Schemes in Programme	520	466
Yet to Start	9%	8%
In Progress	39%	52%
(Of which Ongoing Annual Programmes e.g. Disabled Facilities Grant)	(7%)	(6%)
Completed	30%	26%
Devolved Formula Capital Grant schemes	15%	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	Revenue

	Option	Comments	Financial Implications
		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.	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. The removal of budget from Directors reduces their flexibility when cost pressures arise during the year. In mitigation, where manager are unable to contain costs within revised budget provisions they can bid against the contingency pool containing the budget reduction.

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.

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 28th May 2009 – Monitoring report.