

Meeting:	Cabinet
Date:	17 September 2009
Subject:	Revenue and Capital Monitoring 2009- 10
Key Decision:	No
Responsible Officer:	Myfanwy Barrett: Corporate Director of Finance
Portfolio Holder:	David Ashton (Leader and Portfolio Holder for Strategy, Partnership and Finance)
Exempt:	No
Enclosures:	Nil

Section 1: Summary and Recommendations

This report sets out the Council's revenue and capital forecast position for 2009-10

Recommendations:

- (a) Note the revenue and capital forecast outturn position for 2009-10;
- (b) Approve the virement in paragraph 10; and
- (c) Ask the Corporate Directors to report back to the October Cabinet clearly setting out the implications of the 2008/09 outturn;

Reason

To present the forecast financial position and actions required to be taken.

Section 2: Report

Introduction

1. This report summarises the monitoring position as at end of July 2009. A detailed report along with revenue commentary for each directorate with supporting financial data will be submitted to the October Cabinet. The report to the October Cabinet will also include a more comprehensive picture of how the 2008/09 outturn is impacting the budget to date for 2009/10 and beyond.
2. The forecast outturn is based on the latest information as at end of July 2009. The total Directorate outturn position is £184,403m against a latest budget of £183,442m, which represents an over spend of £0.961m, a variance of 0.5% of the net budget. This is offset by a forecast net surplus on the capital financing and investment income budget of -£0.791m. The total forecast overspend is £0.170m, a 0.1% variation on budget.

The table below summarises the position:

Original Budget £000	Directorate	Latest Budget £000	Forecast Outturn £000	Variation		Para No.
				£000	%	
8,337	Corporate and Democratic	8,319	8,319	0	0.0	
13,883	Corporate Finance	13,837	13,837	0	0.0	
4,566	Chief Executive	5,699	5,699	0	0.0	6
943	Legal and Governance	872	855	-17	-2.0	6
65,191	Adults & Housing	65,217	65,217	0	0.0	3
38,835	Children's	38,852	40,450	1,598	4.1	4
46,917	Community and Environment	47,042	46,387	-655	-1.4	5
4,365	Place Shaping	4,410	4,379	-31		
-1,796	Corporate Items	-716	-649	67	-9.0	6
181,241	Sub total Directorates	183,532	184,494	962	0.5	
-7,162	Capital Financing and Investment Income	-7,162	-7,953	-791		7
174,079		176,370	176,541	171	0.1	

Revenue Budget

3. Adults and Housing are forecasting a net nil position at year end. Of the -£1.630m under spend delivered in 2008/09, - £0.690m was built into the 2009/10 budget. . Savings of £0.668m agreed as part of the budget have still to be identified, and

achievement of these will improve the overall position. There are also a number of potential risks and pressures being managed.

4. Children's services are projecting an over spend of £1.598m. This is mainly due to areas of underlying pressure carried forward from 2008/09. However, due to some one off income in 2008/09 some of this pressure was contained. The situation is exacerbated by growing pressures on the Children's placement budgets. The pressure arises in Special needs transport (£0.608m), the number of placements, total pressure £0.778m; and challenges in recruiting social workers £0.162m. In order to immediately address the budget overspends an action plan has been drawn up and is currently being agreed and implemented.
5. Community and Environment are reporting a net under spend of- £0.656m. Of this £0.388m relates to Community & Culture; £0.200m relates to the directorate support and performance budget; and £0.068m to Environment. Environment contributed to the majority of the under spend in 2008/09. However of the - £2.820m under spend, £1.4m relating to parking enforcement income has already been built into the 2009/10 budget, and £0.797m related to early completion of Transport for London projects. The parking enforcement income budget is showing a decrease on previous year and there are predicted pressures on utility costs. These costs are being managed but remain a risk.
6. Corporate items are forecast to over spend by £0.067m. This is the shortfall on the voluntary severance scheme against the target of £1m. There are a number of areas of potential pressure which are being managed in Corporate Finance. Other Corporate Directorates are predicting a net nil balance at year end, while Legal and Governance have a small under spend of -£0.017m.
7. There is a forecast net surplus on the capital financing and investment income budget of -£0.791m. This reduces the over spend on the Directorate budgets giving a net position of £0.170m overspend.

Housing Revenue Account

8. There is an overall forecast in year deficit of £0.070m with further potential pressures around repairs. The situation is being reviewed and corrective action is being taken to bring expenditure back in line with the budget. Assuming the repairs budget is managed within existing provision and no further unforeseen items of expenditure, the contingency provision of £0.500m would be available to increase HRA balances at 31 March 2010.

Savings Targets

9. The 2009-10 budgets include efficiency savings of £6.5m. Directorates are working towards implementing these and any shortfalls are reported within the directorate budgets. At this stage there are shortfalls in Children's and some pressures around achievement of savings are being managed in Adults and Community and Environment.

Virements

10. The Council has been notified of Local Authority Business Growth Incentives (LABGI) in the current year of £0.0304m which had not been budgeted for. A virement request is sought to fund high priority expenditure in Place Shaping.

	£000 from	£000 to
LABGI	304,000	
Economic Development – Place Shaping		304,000

General Balances

11. General balances stand at £5.35m as a result of being able to add an additional £1.350m at year end. The consolidated general balances position is forecast as £5.680m when taking into account the forecast revenue overspend of £0.170m reported at the end of July. However, it is anticipated that this position will improve based on a thorough understanding of the 2008/09 ongoing impact.

Capital Programme

12. The original budget for 2009/10 was £61.046m which has increased by £33.342m slippage carried forward from 2008/09. There are rephasings of £1.932m and additions of £24.105m to the capital programme which are all grant funded. There is a current projected outturn of £119.653m. This equates to a small amount of variance against the proposed programme of £120.425m, of -£0.772m which allows the funding of £0.500m for CCTV equipment for Environment. The programme is 37% spent at quarter 1 of which 55% is in Children's.

Financial Implications

13. These are integral to the report.

Performance Issues

14. Financial management and financial performance are scored as part of the Use of Resources (UoR). This plays a significant part in the overall CAA score.

It is essential that the Council is able to demonstrate good financial management by

- Improving on integration of financial planning with strategic and service planning
- Enhance the links between costs and performance
- Improve on timely and robust financial reporting

A stronger link between financial and performance decisions will enable council resources to be allocated to those areas which drive better resident outcome.

Risk Management Implications

15. There is a risk that the Council will over spend its budget and therefore areas of over spend are highlighted with management action to be taken.

Risk included on Directorate risk register? Yes
Separate risk register in place? No

Environmental Implications

16. There are none directly related to this report.

Section 3 - Statutory Officer Clearance

Name: Myfanwy Barrett	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 2 September 2009		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	On Behalf of Monitoring Officer
Date: 4 September 2009		

Section 4 – Performance Officer Clearance

Name: Alex Dewsnap	<input checked="" type="checkbox"/>	Divisional Director
Date: 2 September 2009		

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards	<input checked="" type="checkbox"/>	Divisional Director (Environmental Services)
Date: 2 September 2009		

Section 6: Contact details and background papers

Contact: Jennifer Hydari (Divisional Director of Finance and Procurement tel:
020-8424-1393)

Background Papers:

Revenue and Capital Outturn 2008/09 Report to June 2009 Cabinet.