



Report to Cabinet

Subject: Quarterly Budget Monitoring Report and Performance Digest and Virement Report

Date: 4 August 2005

Author: Senior Management Team

1. **PURPOSE OF THE REPORT**

- To update Cabinet on the likely outturn of the Revenue and Capital Budgets for the 2005/2006 financial year. The budgets include all carried forward amounts from the 2004/2005 financial year.
- To seek Cabinet approval where required for budget changes outlined in this report at Appendices 1, 2 and 4.
- To inform Cabinet of the position against Key Tasks and Performance Indicators in the 2005/2006 Plan.
- To seek Cabinet approval for changes to Improvement Task targets as set out in Section 3.
- To inform Cabinet of virements approved during quarter ended June 2005, as set out in Appendix 5.

2. **BACKGROUND**

- 2.1 The Council has made a commitment to more closely align budget and performance management. This is in line with accepted good practice.
- 2.2 To deliver this commitment, systems to monitor performance against revenue and capital budgets, Improvement Tasks and Performance Indicators have been brought together and are now embedded in the way the Council works.
- 2.3 Previously separate reports to Cabinet on budget and performance monitoring have also been brought together.

- 2.4 In addition, performance reports now focus more directly on the Council's priorities and offer an "early warning" system of instance where targets may not be secured.

3. **PROGRESS BY PORTFOLIO AREA**

- 3.1 Appendix 1 sets out details of the summary financial and performance position in each portfolio area.
- 3.2 The Financial Information section includes details of variances for the year to date against the originally approved budget. Cabinet is recommended to approve these changes.
- 3.3 A summary setting out the implications of these changes for the overall financial position for the Council is set out in section 4 below.
- 3.4 The Performance Information section includes details of progress against Improvement Tasks and Performance Indicators suitable for quarterly monitoring.
- 3.5 Progress against each task and indicator is measured by a "traffic light" system (the "Status" column on the forms). This uses the letters (R)ed, (A)mber and (G)reen to assess progress where: -
- G = Task or indicator is on target.
 - A = There is slight slippage against the target for the task or indicator but it is expected that the target will be secured for the full year, with appropriate minor adjustments to resourcing as required.
 - R = There is significant slippage against the task or target and it is unlikely that the original target will be secured without a shift in resources. In some cases, the target may need to be changed.
- 3.6 To be assessed as Green: -
- An Improvement Task must be on target compared with where it should be at this stage of the year, as set out in its Project Plan.
 - A performance indicator must be in line with its profiled performance at this stage of the year.
- 3.7 Explanations are included for any tasks or indicators assessed at Amber or Red.
- 3.8 Where Cabinet has previously agreed an amendment to a target date, progress will be assessed against the amended date rather than the original date.

- 3.9 For those assessed as Red, recommendations for changes to targets are also included where these are felt to be necessary. Reasons are included in Appendix 1 alongside the recommendations - the recommendations are also set out below for members' consideration.

Portfolio Area	Task	Original Target	Proposed Revised/New Target
Leader	Delivery of Actions arising from the Business Continuity Plan	To be determined	Test By March 06
Leisure	Develop Referral Policy for Children	Sept 05	Nov 05
Leisure	Promote development of former Gedling Colliery site as a country park and seek finance to support its future upkeep	To be determined	UK Coal restoration groundworks start spring 2006. Planting winter 2006. Funding for Option Two in place April 2006
Leisure	Provide recreational facilities on the Old Brickyard site on the Honeywood Gardens Estate	Nov 05	July 06
Performance Indicator			
Finance	The percentage of invoices for commercial goods and services which were paid by the authority within 30 days of such invoices being received by the authority.	100% (national target)	Additional local target to remain in upper quartile and improve on previous year performance – for 2005/06 = at least 96.2%

- 3.10 Members should note that, in some instances here, target dates are being set for the first time. Overall performance across the Council is good, with the vast majority of tasks and targets on schedule.

4. OVERALL FINANCIAL POSITION

- 4.1 The following summary brings together the overall financial position of the General Fund and the Housing Revenue Account. It also shows the expected total spend for the year.
- 4.2 This information has been compiled using the best information made available to the Finance Department by the relevant spending officers as at 30 June 2005.

4.3 The overall resource implications for the Council are: -

- The General Fund 2005/2006 Quarterly Budget Monitoring position shows that overall this leaves £2,200 available for managing the budget within the Council approved cash limit.
- The Housing Revenue Account 2005/2006 Quarterly Budget Monitoring position shows that overall this leaves £7,500 for managing the budget within the Council approved cash limit.

4.4 The tables below identify the effect on balances of the current expected outturn.

4.5 Revenue Budget 2005/2006 – Change Analysis at 30 June 2005

	£
The original 2005/2006 budget approved by Council on 2 March 2005.	12,030,800
On 22 nd June 2005 Council approved carry forward schemes which had slipped from the 2004/2005 Revenue Programme	<u>475,500</u>
Cabinets Maximum Budget and current Total Budget is	12,506,300
Up to the end of June 2005 expenditure less income totalled	<u>3,004,100</u>
In the remaining 9 months of year net of income we expect to spend	9,500,000
Total net revenue spending for the year is currently expected to be	12,504,100
At the end of 2005/2006, therefore, we currently expect the revenue budget to be under spent against the total budget by.	<u>2,200</u>
Against the Cabinet's maximum budget for 2005/2006, we currently expect the revenue budget to be underspent by £2,200 and this will be added to the Council's balances. This is approximately 0.02% of the Council's maximum budget.	<u>2,200</u>

Appendix 1 outlines how the revenue budget and expected net expenditure is divided between the Portfolio areas of the Council and the summary of the changes that make up (£2,200) anticipated saving to be approved.

4.6. Overall budget monitoring shows that general fund expenditure is likely to be £2,200 less than anticipated by Council when the 2005/2006 budget was set. The Housing Revenue Account expenditure is expected to be £7,500 less than originally anticipated (Appendix 4).

4.7 Capital Budget 2005/2006 - Change Analysis at 30 June 2005

	£
The original 2005/2006 budget approved by Council on 2 March 2005.	7,455,700
On 22 June 2005 Council approved carry forward schemes which had slipped from the 2004/2005 Capital Programme	3,058,100
Adjustments to the budgets (earmarked contributions)	
Contaminated land Netherfield	12,300
The current total budget for 2005/2006 is	<u>10,526,100</u>
Up to the end of June expenditure was	519,600
In the remaining 9 months of the year we expect to spend	<u>10,379,600</u>
Total net spending for the year is currently expected to be	<u>10,899,200</u>
At the end of 2005/2006 we currently expect the capital budget to be overspent by	373,100
The £373,100 over spend is made up of the following schemes	
Fitness Room Equipment Redhill Leisure Centre	45,000
Replacement of Legacy Systems –b/fwd from 2006/2007 (Per report to Portfolio holders 22 June 2005)	328,100
	<u>373,100</u>

Subject to the approval of the above budget changes it is proposed that the Fitness Room equipment at the Redhill Leisure Centre be financed by a Revenue contribution to Capital as outlined in the Revenue Monitoring Report.

The replacement of the Legacy Systems is to be financed by a Department of Work and Pensions contribution of £133,300 and the balance by funding available from the possible slippage of other schemes in the 2005/2006 Capital Programme as outlined in paragraph 4.8.

- 4.8. A summary of the capital programme and financing is shown at Appendix 2 and shows that the latest projected capital spend is under resourced by £1,136,700. However it is likely that a number of capital schemes may slip into 2006-2007 and these schemes totalling £1,157,400 are shown at appendix 3.

There is currently, therefore, sufficient funding available in 2005/2006 to finance the changes to the Capital Programme as outlined in paragraph 4.7.

5 **RESOURCE IMPLICATIONS**

5.1 The nature of the report is such that it has significant resource implications across the Council. The report itself demonstrates how resources are being managed.

6. **RECOMMENDATIONS**

Members are **recommended**:

- To approve the budget changes across the General Fund Portfolios as detailed at Appendix 1;
- To recommend the Personnel & Resources Committee approve the capital budget changes and financing as set out in paragraph 4.7 and Appendix 2 and to recommend that capital schemes totalling £1,157,400 as set out in Appendix 3 are deferred until 2006/07.
- To approve the budget changes in the Housing Revenue Account as detailed at Appendix 4;
- To approve the changes to Improvement Task targets as detailed in paragraph 3.10 of the report, as an amendment to the Council's agreed Budget/Service Plan.
- To forward the Quarterly Budget Monitoring Information to the Personnel and Resources Committee;
- To include details of budget and performance monitoring in a quarterly performance digest, for circulation to all members and for publication on the Council's website and Intranet;
- To note the virements as detailed in Appendix 5.