



Report to: Cabinet

Subject: Quarterly Budget Monitoring, Performance Digest & Virement Report

Date: 21 February 2008

Author: Senior Management Team

1. **PURPOSE OF THE REPORT**

- To update Cabinet on the likely outturn of the Revenue and Capital Budgets for the 2007/2008 financial year. The budgets include all carried forward amounts from the 2006/2007 financial year.
- To seek Cabinet approval where required for budget changes outlined in this report at Appendices 1, 2 and 3.
- To inform Cabinet of the position against Key Tasks and Performance Indicators in the 2007/2008 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 December 2007, as set out in Appendix 4.

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 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
Leisure Services	Development of the King George V Park, Arnold to provide enhanced community facilities.	March 2008	Sept 2010
Housing and Health	Produce a revised Housing Strategy, submit to GOEM and implement	July 2008	December 2008 (to align with Community Strategy)
Leader	Programme and begin implementation of review of Gedling Community Strategy	June 2008	December 2008

- 3.10 A number of tasks originally programmed for the current year are proposed to be rolled forward and incorporated in wider tasks for delivery in 2008/09 and beyond. These are outlined in Appendix 1 - where appropriate, these are included in the proposed Budget/Service Plan 2008/09 included elsewhere on this agenda.

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 spending 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 31 December 2007. The overall resource implications for the Council are:
- The General Fund 2007/2008 Quarterly Budget Monitoring position shows that overall this leaves £105,100 available for managing the budget within the Council approved cash limit.

- The Housing Revenue Account 2007/2008 Quarterly Budget Monitoring position shows that the overall this leaves £188,000 available for managing the HRA budget within the Council approved cash limit.

Cabinet are asked to note that there has been a change in the accounting treatment of the £400,000 contribution from New Charter made towards LSVT expenses. The original budget assumed that the contribution would be treated as revenue income, with the LSVT capital expenditure being financed from the capital receipt received upon the transfer of the Housing Stock. As we are no longer due to receive a capital receipt, when the stock transfers, the £400,000 will now be treated as a capital contribution.

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

4.4 **General Fund Revenue Budget 2007/2008 – Change Analysis at 31 December 2007**

	£
The original 2007/2008 budget approved by Council on 1 March 2007.	14,291,700
On 16 May 2007 Council approved a contribution from balances (Additional LABGI grant 2006/2007) to fund the Weekly Summer Refuse Collection.	45,000
On 20 June 2007 Council approved carry forward schemes which had slipped from the 2006/2007 Revenue Programme.	449,700
Cabinets Maximum Budget	14,786,400
Approved changes up to December 2007	(114,200)
The current approved budget for 2007/2008 is therefore	14,672,200
Up to the end of December 2007 expenditure less income totalled	10,754,700
In the remaining 3 months of year net of income we expect expenditure to be	3,926,600
Total net revenue spending for the year is currently expected to be	14,681,300
At the end of 2007/2008, therefore, we currently expect the revenue budget to be over spent against the current approved budget by	9,100
Against the Cabinet's maximum budget for 2007/2008, we currently expect the revenue budget to be underspent by £105,100 and this will be added to the Council's balances. This is approximately 0.72% of the Council's maximum budget.	(105,100)

Appendix 1 outlines how the General Fund Revenue budget and expected net expenditure is divided between the Portfolio areas of the Council and the summary of the changes that make up £9,100 anticipated over spend to be approved.

4.5 **Housing Revenue Account Budget 2007/2008 - Change Analysis as at 31 December 2007**

	£
The original 2007/2008 budget approved by Council on 1 March 2007.	(654,400)
On 14 June 2006 Council approved carry forward schemes which had slipped from the 2006/2007 Housing Revenue Programme	325,100
Housing Revenue Account Maximum Budget	(329,300)
Change in Accounting treatment - New Charter Contribution	400,000
Adjusted Housing Revenue Account Maximum Budget	70,700
Approved Changes up to December 2007	(42,000)
The Current Approved Budget for 2007/2008 is	28,700
Net Revenue expenditure for the year is expected to be	(117,300)
At the end of 2007/2008, therefore, we currently expect the Housing Revenue budget to be under spent against the approved budget by	(146,000)
Against the maximum budget for 2007/2008 of £70,700, we currently expect the Housing Revenue budget to be under spent by £188,000 and therefore a net £117,300 will be added to the Council's HRA balances. This is approximately 166% of the Council's maximum budget.	(188,000)

Appendix 2 shows a summary of the changes for the Housing Revenue account that make up the £146,000 anticipated underspend, to be approved.

4.6 Overall budget monitoring shows that;

- General Fund Expenditure is likely to be £105,100 less than originally anticipated.
- Housing Revenue Account Expenditure is likely to be £188,000 less than originally anticipated.

4.7 Capital Budget 2007/2008 - Change Analysis at 31 December 2007

	£
<u>Approved Capital Programme 2007/08</u>	
Original 2007/08 budget approved by Council on 1 March 2007.	8,682,500
Schemes approved for deferral from 2006/07 to 2007/08 by Personnel and Resources Committee, during Quarter 3 2006/07.	1,172,700
Capital Carry Forwards from 2006/2007 approved by Council 20 June 07.	682,700
Changes approved by Cabinet and Personnel and Resources Committee, Quarter 1 2007/08.	(2,272,800)
Changes approved by Cabinet and Personnel and Resources Committee, Quarter 2 2007/08.	53,900
Current total approved budget for 2007/2008	8,319,000
<u>Proposed Quarter 3 Amendments to the 2007/08 Programme</u>	
<u>Schemes identified for deferral to 2008/2009</u>	
Remote Access for Members	(10,000)
Northgate Payroll/HR	(12,400)
Powergen Heatstreets	(49,900)
Disabled Facilities Grants	(80,000)
Renovation Grants - Landlords	(85,000)
Renovation Grants	(212,500)
Warm Front Surveys	(8,000)
Welfare Adaptations	(32,100)
Kitchen Replacement	(75,000)
Bathroom Replacement	(57,000)
Passenger Lifts	(78,000)
Housing IT System Upgrade	(7,800)
LSVT Post-Ballot Costs	(310,000)
Bestwood Country Park Drain and Level Pitch	(6,800)

Schemes identified for deferral to 2008/2009 (continued)

Arnot Hill Park - Replace Bowls Pavilion	(100,000)
Performance Management	(6,000)
Environmental Improvements	(50,000)
Strategic Land Sales Review	(50,000)
<u>Total Schemes for Deferral</u>	(1,230,500)

Additions to schemes funded by external grants/contributions:

Disabled Facilities Grants (Bid to GOEM)	80,000
LSVT Post-Ballot (Contribution from New Charter)	190,000
Green Flag Park Award (LAA Pump Priming from Notts CC)	6,000
Provide Play Area Edison Way (contribution from Notts CC)	15,000
Calverton LC New Entrance (contribution from Notts CC)	4,000
Calverton LC Replacement Gym Equipment (Capital receipt from sale of old equipment)	4,800
<u>Total Additions to Schemes</u>	299,800

Other Changes

Car Parking Charging - saving. Scheme postponed.	(140,000)
Killisick Court Temporary Accommodation - saving, scheme complete.	(4,900)
Environmental Works - £50k to be transferred from Passenger Lifts.	50,000
Passenger Lifts - £50k to be transferred to Environmental Works.	(50,000)
A614 Pitches Construction - £20k of budget slipped in Q1 now required due to earlier start of scheme.	20,000
HORDS CCTV - £3.5k error in original budget.	3,500
<u>Total Other Changes to Schemes</u>	(121,400)

Total Proposed Amendments To Capital Programme	(1,052,100)
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Proposed Revised Capital Programme 2007/08	7,266,900
Actual Expenditure to Quarter 3 2007/08	3,717,700
Estimated Expenditure Quarter 4 2007/08	3,514,100
Projected Outturn 2007/08	7,231,800
Projected Capital Programme Underspend 2007/08	(35,100)

The £35,100 net underspend is made up of a small overspend on Leisure Schemes, offset by savings on vehicle replacements within the Direct Services Portfolio. A Capital Programme monitoring summary is attached at Appendix 3.

- 4.8 There is currently sufficient funding available in 2007/2008 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 of £50,000 & below, in the General Fund Revenue Portfolios as detailed at Appendix 1.
- To approve the budget changes of £50,000 & below, in the Housing Revenue Account as detailed at Appendix 2.
- To note the Revenue Budgets above £50,000 included within Appendices 1 & 2 & also listed below & refer them to the Personnel & Resources Committee for approval.

General Fund

Leisure-Changing Lifestyles Action Plan (£120,000) Scheme deferred, partially offset by reduction in Big Lottery contribution of £100,000.

Carlton Forum - reduction in income £121,900

Finance-Increased Investment Interest (£89,000)

Concessionary Fares-setting up costs of new travel scheme £77,500 matched by Travel Concession Grant (£77,500)

- To note the change in accounting treatment of the £400,000 New Charter contribution, in respect of LSVT expenditure between Revenue & Capital financing.
- To approve the budget changes in the capital programme of £50,000 & below, as detailed in paragraph 4.7 and Appendix 3.
- To note the budget changes in the capital programme above £50,000 as detailed in paragraph 4.7 and Appendix 3, and listed below, and refer them to Personnel and Resources Committee for approval.
 - Disabled Facilities Grants - £80,000 (met by bid to GOEM).
 - LSVT - £190,000 (met by contribution from New Charter).
 - Car Parking Charging - (£140,000).
- To note the capital programme schemes totalling £1,230,500 proposed for deferral into 2008/2009 as detailed in paragraph 4.7 and refer them to Personnel and Resources Committee for approval.
- To approve the changes to Improvement Task targets as detailed in paragraph 3.9 of the report, as an amendment to the Council's agreed Budget/Service Plan.
- 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 4.