



Report to Cabinet

Subject: Quarterly Budget Monitoring, Performance Digest & Virement Report

Date: 7 August 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 2008/2009 financial year. The budgets include all carried forward amounts from the 2007/2008 financial year.
- To forward a request to Council to approve using balances to fund the shortfall in the General Fund.
- To seek Cabinet approval where required for budget changes outlined in this report at Appendices 2 and 3
- To inform Cabinet of the position against Key Tasks and Performance Indicators in the 2008/2009 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 2008, 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.

Changes to Tasks

Portfolio Area	Task	Original Target	Proposed Revised/New Target
Direct Services and Property	Review of Taxi Plating	June 08	March 09

Portfolio Area	Task	Original Target	Proposed Revised/New Target
Direct Services and Property	Review building services	November 08	March 09

Changes to Performance Indicators

Direct Services and Property Portfolio

PI reference	LI002/BV156	PI title	% of authority buildings open to the public in which all public areas are suitable for and accessible to disabled people
	Current Target	Proposed Target	
2008/09	90%	100%	Exceeded original target in 07/08
2009/10	97%	100%	Exceeded original target in 07/08

The following new tasks and indicators are recommended to be introduced to enable more effective performance management.

New Tasks

Portfolio Area	Task	Original Target	Proposed Revised/New Target
Leisure and Youth	Review of local Key Performance Indicators	Mar 09	Delete task
Leisure and Youth	Develop Key Performance Indicators for Culture and Sport in partnership with the County Council, City Council and Nottinghamshire Districts.	New task	Mar 09

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 2008. The overall resource implications for the Council are: -
- The General Fund 2008/2009 Quarterly Budget Monitoring position shows that the Council is projecting an overspend of £498,200 against the Cabinets maximum budget.
 - The Housing Revenue Account 2008/2009 Quarterly Budget Monitoring position shows that overall this leaves £191,400 available for managing the budget within the Council approved cash limit.
- 4.3 The tables below identify the effect on balances of the current expected outturn.

4.4 General Fund Revenue Budget 2008/2009 – Change Analysis at 30 June 2008

	£
The original 2008/09 budget approved by Council on 5 March 2008.	15,139,900
On 18 June 2008 Council approved carry forward schemes that had slipped from the 2007/2008 Revenue Programme	441,800
Cabinets Maximum Budget	15,581,700
The current approved budget for 2008/2009 is therefore	15,581,700
Up to the end of June 2008 expenditure less income totalled	3,590,331
In the remaining 9 months of year net of income we expect net expenditure to be	12,489,569
Total net revenue spend for the year is currently expected to be	16,079,900
At the end of 2008/2009, therefore, we currently expect the revenue budget to be overspent against the current approved budget by	498,200
Against the Cabinet's maximum budget for 2008/2009, we currently expect the revenue budget to be overspent by	498,200
This is approximately 3.2% of the Council's maximum budget.	

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 £498,200 anticipated overspend.

The table below identifies the main budget heads contributing towards the overspend;

	£
Land Charges Income (net of expenditure savings £36,600)	123,500
Vehicle Fuel Costs	80,000
Leisure Centre Income (net of £25,000 saving CSL contract)	300,000
Other Variances (net)	(5,300)
Total	498,200

Cabinet should be aware that the income shortfalls/overspend are likely to be ongoing and will severely impact on the Medium Term Financial Plan.

4.5 Housing Revenue Account Budget 2008/2009 - Change Analysis as at 30 June 2008

	£
The original 2008/2009 budget approved by Council on 5 March 2008.	16,800
On 18 June 2008 Council approved carry forward schemes which had slipped from the 2006/2007 Housing Revenue Programme	113,300
Housing Revenue Account Maximum Budget	130,100
Adjustments HRA reflect transfer to Gedling Homes on 3 November 2008	(45,000)
The Current Approved Budget for 2008/2009 is	85,100
Total net revenue spending for the year is currently expected to be	(106,300)
At the end of 2008/2009, therefore, we currently expect the Housing Revenue budget to be under spent against the current approved budget by	(191,400)
Against the maximum budget for 2008/2009, we currently expect the Housing Revenue budget to be under spent by £191,400 and this will be added to the Council's HRA balances.	(191,400)

Appendix 2 shows a summary of the changes for the Housing Revenue Account that make up the £191,400 anticipated underspend, to be approved

4.6 Overall budget monitoring shows that;

- General Fund Expenditure is likely to be £498,200 more than originally anticipated.
- Housing Revenue Account Expenditure is likely to be £191,400 less than originally anticipated.

4.7 Capital Budget 2008/2009 - Change Analysis at 30 June 2008

	£
<u>Approved Capital Programme 2008/09</u>	
Original 2008/09 budget approved by Council on 5 March 2008.	7,133,600
Schemes approved for deferral from 2007/08 to 2008/09 by Personnel and Resources Committee, during Quarter 3 of the 2007/08 budget monitoring process.	1,210,500
Capital Carry Forwards from 2007/08 approved by Council on 18 June 2008.	641,700
Adjustments to Housing investment programme to reflect transfer to Gedling Homes 3 November 2008	(936,600)
Replacement grave digger funded by insurance fund	32,100
The current total approved budget for 2008/2009	8,081,300
 <u>Proposed Quarter 1 Amendments to the 2008/09 Programme</u>	
<u>Schemes identified for deferral to 2009/2010</u>	
Document Management	(269,400)
Citizen Access Facilities	(14,500)
Total Schemes for deferral	(283,900)
 <u>Additions to schemes funded by external grants/contributions:</u>	
Replacement of Artificial Wickets	11,700
Big Lottery Fund Ball Court & Youth Shelter in Colwick	56,100
 <u>Other Changes</u>	
Large Scale Voluntary Transfer costs to be met through revenue	(310,000)
Total Proposed Amendments To Capital Programme	(526,100)
Proposed Revised Capital Programme 2008/09	7,555,200

Actual Expenditure to Quarter 1 2008/09	618,600
Estimated Expenditure Quarter 2-4 2008/09	6,928,300
Projected Outturn 2008/09	<u>7,546,900</u>
Projected Capital Programme Underspend 2008/09	<u>(8,300)</u>

The £8,300 net underspend is made up of a minor savings on Vehicle & Plant acquisitions within the Direct Services Portfolio. A Capital Programme monitoring summary is attached at Appendix 3.

4.8 There is currently sufficient funding available in 2008/2009 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 note the General Fund Revenue Budget changes included within Appendix 1 and as the net changes exceed the Cabinet's maximum budget, refer them to full Council for approval.
- To approve the budget changes of £50,000 & below, in the Housing Revenue Account as detailed at Appendix 2.
- To note the budget changes in the Housing Revenue Account above £50,000 as detailed in paragraph 4.5 and Appendix 2, and listed below, and refer them to Personnel and Resources Committee for approval.
 - Capital expenditure charges to revenue (£154,800)
- 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.

- Colwick Ball Court & Youth Shelter £56,100
Funded by Big Lottery Fund (£56,100)
- Transfer of LSVT expenditure to revenue (£310,000)
Funded by revenue contribution from New Charter £310,000
- To note the capital programme schemes totalling £283,900 proposed for deferral into 2009/2010 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.
- 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 4.