

BUSINESS SUPPORT OVERVIEW AND SCRUTINY COMMITTEE

2 FEBRUARY 2010

REVENUE BUDGET MONITORING 2009/2010

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Summary

This report summarises the revenue monitoring position for the current year based on actual income and expenditure to November 2009.

1. Budget and Policy Framework

1.1 It is the responsibility of Cabinet to ensure that income and expenditure remains within the budget approved by Council. It is for the Overview and Scrutiny Committee to hold Cabinet accountable for those actions taken.

2. Background

2.1. At its meeting on 26 February 2009, the Council set gross revenue spending at £608 million and a General Fund net budget requirement of £176.273m for 2009/2010. Council tax increased by 4.89%.

2.2. Cabinet, at its meeting on 24 November 2009, noted a forecast net underspend of just £5,000 based on the September monitoring. Assuming the elimination of a predicted overspend of £620,000 on Dedicated Schools Grant (DSG) services, the underspend on General Fund services would increase to £625,000. Although directorate management teams consider monitoring reports monthly they are, as in previous years, presented to Members on a bi-monthly basis. Directorate management teams have now considered the monitoring reports, based on November forecasts, and the results are summarised in Table 1 below with further analysis shown at Appendix 1.

3. Summary Position

3.1 It can be seen from Table 1 that, after management action, where appropriate, the outturn forecast for 2009/2010 currently stands at a £280,000 underspend which, after eliminating the DSG overspend of £384,000, gives an overall underspend on general fund services of £664,000. As a comparison the forecast underspend this time last year was £887,000 and the final outturn was an underspend of £3.5 million.

Table 1: Overall Summary

Directorate/Funding	Budget 2009/2010 £000s	Forecast variance £000s	Proposed action £000s	Adjusted variance £000s	Previous variance £000s
Children and Adult Services:					
- DSG funded services	167,712	384	0	384	620
- General fund services	108,269	(320)	0	(320)	(740)
Regeneration, Community and Culture	51,430	192	0	192	311
Business Support	18,482	(523)	0	(523)	(196)
Public Health	487	(13)	0	(13)	0
Interest & Financing	13,450	0	0	0	0
Levies	882	0	0	0	0
Area Based Grant	(11,849)	0	0	0	0
Planned Use of Reserves / PSA	(4,878)	0	0	0	0
Dedicated Schools Grant	(167,712)	0	0	0	0
Total	176,273	(280)	0	(280)	(5)

4. Children and Adult Services

- 4.1. The directorate is now forecasting an overspend of £64,000 compared to an underspend of £120,000 based on September Monitoring. However, this movement represents an improvement of £236,000 for DSG funded services but a significant deterioration of £420,000 against the previous forecast for General Fund services.
- 4.2. The previously reported underspend of £1,233,000 for Adult Social care has reduced by £156,000 to £1,077,000 predominantly due to an increase in the costs now forecast for the Linked Service Centres as a consequence of a further delay in the outsourcing of domiciliary care.
- 4.3. The Children's Care division projected overspend which had reduced in previous forecasts has now increased by £129,000 to £357,000 in respect of General Fund services. The Integrated Children's Teams are forecasting savings of £133,000 mainly due to staff vacancies but this is negated by an overspend of £202,000 for Specialist Children's Services caused by a variety of factors including additional special guardianship placements and increased demand for the Outreach Service.
- 4.4. Although Inclusion has turned a previously predicted overspend of £11,000 into an underspend of £26,000, the relative split between DSG and General fund Services indicates an adverse variation of £124,000 in respect of the latter.

5. Regeneration, Community and Culture

- 5.1 The directorate is forecasting an overspend of £192,000 after management action, an improvement of £119,000 against the previous forecast. The significant variations from each division of the directorate are as follows:
- Front Line Services – Reduced tonnages for waste collected and associated disposal costs together with the extension of the current waste contract has increased the saving by £329,000 to over £1.5 million;
 - There has been a £148,000 improvement in the level of forecast income expected from the parking service;
 - Financing costs for the Innovation Centre (ICM2) have created a pressure of £290,000 and
 - A further pressure of £103,000 for consultants fees and legal fees and costs within Development Control as a result of increased enforcement appeals and public enquiries.
- 5.2 A moratorium is already in place within the directorate and stringent control will continue to be applied to further address the remaining deficit.

6. Business Support

- 6.1 Overall the department is forecasting an underspend of £523,000 which is a considerable improvement of £327,000 against the September figures with the major changes summarised below:
- £89,000 from Central Services and Procurement mainly due to an improvement in the Reprographics trading position;
 - £72,000 from Accommodation - predominantly NNDR savings at the Compass Centre;
 - £40,000 increase in surplus from the Interpreters Service;
 - £61,000 additional vacancy savings within the Housing and Corporate Services division;
 - £22,000 net savings within Customer First;
 - £25,000 further vacancy savings within Organisational Services and
 - £25,000 additional income for the Temporary Staff Agency.
- 6.2 To date the vacancy saving target of £480,000 has been exceeded by £839,000 as the department is currently forecasting vacancy savings of £1,319,000 (September £1,107,000). This significant saving comfortably offsets the overspends previously reported.

7. Public Health

- 7.1 The service is now predicting a small underspend of £13,000 compared to a previous break even position.

8. Interest & Financing

- 8.1 There is a potential shortfall against the budgeted position although no variation is reported at this time. This is as a result of very low investment returns albeit this has been mitigated by using own funds as temporary borrowing rather than pay the enhanced interest rates as against the investment return. The position is volatile but is kept under regular review and there remains the potential to call upon the rate equalisation reserve

established as a result of last year's surplus to ensure that no overspending occurs.

9. Housing Revenue Account

- 9.1 The Housing Revenue Account is forecasting a surplus of £213,700 against its budgeted surplus of £205,900.

10. Conclusions

- 10.1 The seventh round of returns from budget managers forecasts an underspend of £280,000 compared the £5,000 previously reported. However should the £384,000 forecast overspending attributable to DSG funded services be rolled over to 2010/2011 as a first call upon next year's DSG and the Schools Forum agree the funding, this will result in a net underspend of £664,000 compared to the £625,000 underspend previously reported. It can be seen from Table 1 that the improved positions in Business Support and Regeneration, Community and Culture have been significantly offset by a deteriorated position in respect of non-DSG funded services within the Children and Adults Directorate.
- 10.2 Cabinet will be considering this report on 26 January and any comments will be reported orally to this meeting.

11. Risk Management

- 11.1 The more significant financial risks faced by the Council in providing services were considered by Members in July during the first monitoring cycle. Directorate management teams continually review revenue expenditure and take corrective action where appropriate.

12. Financial and legal implications

- 12.1. These are set out in the body of the report.

13. Recommendation

- 13.1 Members are requested to comment on the forecast outturn position for 2009/2010.

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Background papers

Revenue budget approved by Council 26 February 2009
Revenue Budget Monitoring Report to Cabinet 14 July 2009
Revenue Budget Monitoring Report to Cabinet 22 September 2009
Revenue Budget Monitoring Report to Cabinet 24 November 2009.
Revenue Budget Monitoring Report to Cabinet 26 January 2010

MEDWAY COUNCIL

GENERAL FUND REVENUE MONITORING - November 2009

Assistant Director	Expenditure				Income				Net Forecast Variance £000's	Previous Forecast Variance £000's
	2009/2010 Budget £000's	Actual to date £000's	2009/2010 Forecast £000's	Forecast Variance £000's	2009/2010 Budget £000's	Actual to date £000's	2009/2010 Forecast £000's	Forecast Variance £000's		
Children and Adult Services										
Adult Social Care	92,614	54,057	92,460	(154)	(26,835)	(20,732)	(27,758)	(923)	(1,077)	(1,233)
Children's Care	25,296	16,208	25,819	523	(1,103)	(1,165)	(1,291)	(188)	335	255
Learning and Achievement	33,966	16,601	35,785	1,819	(21,182)	(7,055)	(23,015)	(1,833)	(14)	10
Inclusion	30,717	17,703	30,574	(143)	(8,484)	(984)	(8,367)	117	(26)	11
Schools Retained Funding and Grants	10,204	1,479	10,940	736	(30,866)	(30,959)	(30,866)	0	736	760
Commissioning	4,573	3,041	5,315	742	(1,956)	(2,198)	(2,588)	(632)	110	77
Schools Delegated Funding	169,038	125,300	165,621	(3,417)	0	0	3,417	3,417	0	0
	366,408	234,389	366,514	106	(90,426)	(63,093)	(90,468)	(42)	64	(120)
Regeneration, Community and Culture										
Front Line Services	40,681	23,513	40,221	(460)	(10,935)	(5,760)	(11,819)	(884)	(1,344)	(827)
Development and Transport	13,601	9,784	15,573	1,972	(3,280)	(2,160)	(4,538)	(1,258)	714	322
Medway Renaissance	1,215	890	1,321	106	(1,215)	(106)	(1,321)	(106)	0	0
Leisure and Culture	18,669	13,080	18,726	57	(8,088)	(4,718)	(7,404)	684	741	780
Directors Office	809	363	895	86	(26)	(32)	(32)	(6)	81	36
	74,975	47,630	76,736	1,761	(23,545)	(12,776)	(25,114)	(1,569)	192	311
Business Support Department										
Financial Services	102,180	61,324	117,873	15,693	(93,576)	(71,932)	(109,714)	(16,138)	(445)	(421)
Housing and Corporate Services	15,180	9,706	14,750	(430)	(13,036)	(7,988)	(12,649)	387	(43)	185
Communications, Performance and Partnership	4,045	2,889	4,309	264	(3,455)	(2,970)	(3,572)	(117)	147	129
Democracy and Customer First	12,620	8,574	12,795	175	(5,118)	(3,905)	(5,384)	(266)	(91)	(41)
Organisational Services	11,982	8,893	12,976	994	(12,342)	(10,686)	(13,428)	(1,086)	(92)	(49)
	146,007	91,386	162,703	16,696	(127,527)	(97,481)	(144,747)	(17,220)	(523)	(196)
Director of Public Health	1,068	925	1,888	820	(581)	(1,495)	(1,414)	(833)	(13)	0
Interest and Financing	20,825	7,652	19,784	(1,041)	(7,375)	(2,311)	(6,334)	1,041	0	0
Levies	882	665	882	0	0	0	0	0	0	0
Area Based Grant	0	0	0	0	(11,849)	0	(11,849)	0	0	0
Planned Use of Reserves	0	0	0	0	(4,878)	0	(4,878)	0	0	0
Total	610,165	382,647	628,507	18,342	(266,181)	(177,156)	(284,804)	(18,623)	(280)	(5)