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**Meeting:** Executive  
**Date:** 10 November 2009  
**Subject:** Budget Management Report as at 30 September 2009  
**Report of:** Cllr Maurice Jones, Portfolio Holder for Corporate Resources  
**Summary:** The report provides information on the budget position as at 30 September 2009 to enable decisions to be taken on resource allocation and service delivery

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**Advising Officer:** Clive Heaphy, Director of Corporate Resources  
**Contact Officer:** Matt Bowmer, Assistant Director Financial Services  
**Public/Exempt:** Public  
**Wards Affected:** All  
**Function of:** Executive  
**Key Decision** Yes  
**Reason for urgency/  
exemption from call-in  
(if appropriate)** N/A

## **CORPORATE IMPLICATIONS**

### **Council Priorities:**

#### **Financial:**

The Financial implications are set out in the report

#### **Legal:**

None

#### **Risk Management:**

Directors are assessing the risks of the detailed actions from Appendix A3 on Council Services

#### **Staffing (including Trades Unions):**

None

#### **Equalities/Human Rights:**

The effect of any proposed efficiency savings will need to be considered as part of the Equality Impact Assessments particularly in identified high risk areas.

**Community Safety:**

None

**Sustainability:**

None

**RECOMMENDATION(S):**

that the Executive be recommended to:

- (a) **Note the latest budget projections for the year and that further work is ongoing to establish the likely outturn for 2009/10**
- (b) **Approve the virements as set out in paragraphs 17 and 18**
- (c) **Approve the additional action plans savings of £0.025m**
- (d) **Instruct Directors to identify further actions to address the forecast overspend.**

*Reason for Recommendation(s): To report to members that robust budget monitoring has been undertaken since day one to ensure spend was delivered to budget and that resources have been allocated appropriately.*

**Introduction**

1. The report sets out the financial position as at the end of September 2009 and the forecast position at year end. Appendix A1 shows the net revenue position.
2. Members are aware that this is a relatively high risk budget as it is the first one produced by Central Bedfordshire and it is for this reason that robust monitoring has been in place since day one.

**Executive Summary - Revenue**

3. The current forecast outturn position based on the actual spend for the first half of the year as at 30 September 2009 is shown at Appendix A1. The forecast indicates an overspend of £8.6m which is a marginal improvement on the position reported at the end of August. In the narrative below overspend refers to the Forecast Variance after proposed new reserves column in Appendix A1.
4. Whilst a number of actions have been implemented across all Directorates which potentially would have delivered a greater improvement it has been offset by new pressures in Children, Families and Learning. There are increased total pressures of £0.2m in Home to School Transport and £0.5m in Children with Disabilities and Intake and Family Support services. Appendix A2 gives a breakdown by Directorate of the movements since the last report
5. The annual budget has been revised since last month to reflect virements which are detailed at paragraph 17.

6. The overspend of £0.162m within Business Transformation represents a reduction of £0.035m since last month, which is a result of management action. The main areas of overspend relate to a reduction in income from the Registrars Service, and an increase in agency costs to meet additional demand in the Revenues and Benefits Service, although these are being offset in part by vacancies. The actual to date variance includes the Housing Benefit Subsidy which is currently showing a better than budgeted subsidy rate (£1.3m) Any significant variance from budget at the end of the year would be transferred to/from the Housing Benefit Equalisation Reserve, hence it is forecast to be on budget by the end of the year.
7. As discussed in paragraph 4 above there have been increases in the pressures for Children, Families and Learning and the overspend of £2.9m is a result of these together with original budget build issues and increased numbers and costs of looked after children with disabilities. The actual to date variance is disproportionate in comparison to the full year forecast and is mainly due to seasonal and term time expenditure patterns.
8. The overspend for Corporate resources of £0.569m is also a reduction on last month by some £0.2m mainly due to action plans. The overspend is largely due to establishment pressures and agency staff within property and legal services. The actual to date variance is due to suspense account expenditure being incorrectly recorded here and will be corrected next month.
9. There is a small improvement in Adult Social Care Health and Housing since last month. £0.5m of action plan savings have been included in the forecast although these have been offset in part by increased costs identified due to more in depth forecasting.
10. Sustainable Communities currently are forecasting an overspend position of £0.183m which is mainly due to transition expenditure and passenger transport costs. The Director has reviewed his current action plan and additional savings have been identified from the existing plan and new ones will be reported specifically next month which will bring the final outturn in with a small underspend.

### **Executive summary – Savings**

11. Work is continuing on the Directorate Action Plans to address the overspend. Executive on 13<sup>th</sup> October 2009 agreed that all actions identified could be progressed following discussion between the Director and Portfolio Holder. Appendix A3 shows a summary of these plans.
12. Additional savings have been identified by Directors shown as New Actions also in Appendix A3.
13. Most of the savings identified as green (£2.8.m) have been included in the current forecast with those identified as amber and red yet to be included. It is expected that the remaining green and some of the amber actions will be included in the next month's forecast, together with the new savings and therefore will reduce the forecast by an additional £0.7m to £7.9m. Those savings in the red category remain at high risk in respect of implementation and as such have not been taken into account as further reducing the forecast outturn position.

14. The total savings identified in the Directorate Action Plans do not address the full forecast overspend. Directors will need to identify further savings to make up the gap.

### **Executive summary – Capital**

15. There is a separate report on the agenda reviewing the 2009/10 capital programme.

### **Revenue Virement requests**

16. The virements between Directorates this month are:
17. £14k between Business Transformation and Corporate resources for the transfer of funding for CAA and receptionist posts to reflect changed operational responsibilities.
- And
- £11k from Schools to Children, Families and Learning in respect of rate refunds being transferred to the School's non specific contingency.
18. Additionally there have been some virements within the Children's Families and Learning Directorate that are cumulative over £200k between cost centres and require reporting to the Executive in accordance with the Council's constitution. They are:
- £540k Music and Families Co-Ordination  
£344k Project and Community Development.
- Both of these are due to the music service budgets being realigned to reflect operational activity
- And
- £434k for transferring the Assistant Directors salaries to the appropriate operational area rather than being reported in with the Director's budget.

### **Key Risks and Cost Drivers**

19. This is an ongoing piece of work. For each Directorate there will be a regular update of three or four key areas of activity that have a significant impact on financial performance data.
20. Areas of the Council where it is proposed to start reporting such activity data include waste tonnages in sustainable communities and Adults with care packages.

### **Achieving Efficiency Savings**

21. The agreed budget includes £8.54m of efficiency related savings. Work is underway to submit the mid year Annual Efficiency statement which will be reported next month.

### **Reserves Position**

22. As reported last month the expected closing balance on general reserves is £3.9m. Any revenue overspend at the end of the year will be first call on general reserves, and could potentially take it into deficit.

## Carry Forward Requests

23. None

## Workforce Data

24. The August report included the most up to date information on the establishment and the position reported was as at 30<sup>th</sup> September. A further update will be brought forward in the October report.

## Aged Debt Analysis

25. Debt outstanding for Central Bedfordshire as at the end of September was £2.3m which is reduction of £.04m on last month's amended figure.
26. The inherited debt from Bedfordshire County Council is £4.9m which shows a small reduction since last month and the PCT debt remains at £3.2m.
27. The Inherited debt from Mid Beds and South Beds District Councils now stands at £0.85m which is a reduction of £0.07m from the position as at August. The budget management report will continue to give an update on legacy debt.

## Other Financial Indicators

28. Payments
29. Central Bedfordshire's terms are 30 days for payment and 21 days for small businesses. Whilst BVPI8, (the percentage of invoices paid within 30 days or agreed terms), is no longer in the national indicator set it continues to be monitored.
30. The overall quarterly performance for the year to date, excluding schools is as follows:-
31. June 2009 – 96.6%
32. September 2009 – 97.4%
33. Treasury Management
34. The quarterly Treasury Management Report is included at Appendix B. There are no significant issues at this time.

## Appendices:

Appendix A1 – Summary of Central Bedfordshire Council Revenue Position

Appendix A2 – Table of forecast changes by Directorate since last month

Appendix A3 – Directorate Action Plans.

Appendix B – Treasury Management Report

## Background Papers: (open to public inspection)

Treasury Management Strategy

**Location of papers:** Priory House, Chicksands