
Meeting: Sustainable Communities Overview & Scrutiny Meeting
Date: 7th September, 2010
Subject: Budget Management Report for the Month ended 30th June 2010
Report of Portfolio Holder: Cllr David McVicar – Safer Communities & Healthier Lifestyles
Cllr Ken Matthews – Economic Growth, Skills & Regeneration
Cllr Tom Nicols – Sustainable Development
Summary: The report outlines the actual financial performance and full year forecast as at 30th June 2010.

Advising Officer: Gary Alderson - Director of Sustainable Communities
Contact Officer: Brighton Fong, Senior Finance Manager
Public/Exempt: Public
Wards Affected: All
Function of: Council

CORPORATE IMPLICATIONS

Council Priorities:

Sound financial management contributes to the delivery of the Council's value for money, enabling the Council to successfully deliver its priorities. In particular the Sustainable Communities budget has direct impact on the stated Council priorities of:

- Creating Safer Communities, and
- Managing Growth effectively.

Financial:

The financial implications are set out in the report.

Legal:

Z

Risk Management:

Z

Staffing (including Trades Unions):

Any staffing reductions as a result of compensatory efficiencies will be carried out in accordance with the Council's Managing Change Policy and in consultation with the Trades Unions.

Equalities/Human Rights:

As part of the budget management process, the Council must comply with the statutory Equality Duties. Decisions must therefore be made in such a way as to minimise unfairness, and to ensure that there is not a disproportionately negative effect on people from different ethnic groups, disabled people, and men and women. Equality Impact Assessments are being undertaken as required to support this process.

Community Safety:

There are no direct community safety implications at this time. However, any potential changes in budget provision for the services may impact on delivery of community safety priorities in the future.

Sustainability:

Sustainable Communities is the lead Directorate with regards to making Central Bedfordshire a more sustainable place to live and work, tackling climate change and reducing environmental impact. Many of the services delivered e.g. waste and highways directly control or influence this. The success of delivering against this agenda is directly related to how budget is managed.

RECOMMENDATION(S):

1. that the

- (a)** The current projected full year forecast of £1.046m overspend is noted
- (b)** Management actions proposed at paragraphs 13-14 are noted

Introduction

1. The report sets out the financial position to the end of June 2010 and the latest forecast outturn position.

Executive Summary Revenue

2. The full year forecast position is £1.046m over budget with pressures flagged by services as follows:
 - waste services (£0.373m)
 - South collection and street cleansing contracts worth £2.5m was uplifted in April 2010 at 7.4% based on Baxter indices. The North collection contracts of £3m are also expected to face uplifts in the range of 4 to 8% in October 2010.
 - traffic management (£0.212m)
 - refundable deposits for road closures and openings were incorrectly treated as income in budget setting (£0.070m)
 - concessions on parking fees (e.g. leisure centres) were not reflected in budget such that income collectible is expected to be less than budget (£0.109m)
 - reduction of revenue element of road safety grant from Department for Transport (£0.032m)
 - passenger transport (£0.116m)

- reissue of bus passes to 37,000 holders upon expiry at the end of three year term (£0.067m)
- transport advisor forecast bus operators may raise prices by 9.4% for fare concession schemes against a budget of 1.8%
- community safety (£0.176m)
 - loss of Area Based Grant in 2009/10 and 2010/11 however budget build assumed ongoing (£0.09m)
 - duplication of Domestic Abuse income virement identified in March 2010 that will not be received (£0.03m)

Given that this is the first review of 2010/11 forecasts, services with larger variances have been requested to review the robustness of the calculations. Where pressures are expected to persist services have been asked to identify and implement remedial solutions to ensure that the Directorate achieves its annual budget target.

3. Table A below shows the budget variance to date and the forecast variance. A more detailed table by Head of Service area is shown in Appendix A.

4. **Table A Revenue position summary (£'000)**

Operational Groups	Annual Budget	Variance to date	Forecast outturn variance	Forecast change since last month*
Sustainable Communities				
Director of Sustainable Communities	1,484	(190)	0	
Economic Growth, Skills & Regen	4,890	(224)	47	10
Highways & Transportation	11,885	(798)	262	1
Planning	6,875	(319)	273	(43)
Comm Safety Public Protec Waste Leisure	22,087	(99)	464	29
Directorate Total	47,221	(1,630)	1,046	(14)

5. Sustainable Communities spent a net £10.2m in the first three months of the financial year against a budget of £11.8m leaving a variance of £1.6m. The variance is due to receipts of parking receipts and annual grants, and delays in invoices being provided by suppliers.

6. **Director of Sustainable Communities**

The group comprises the Director's Office, Service Development and BeAR Project. It also holds funds that will be distributed in June to service areas for staffing allowances. The variance to date reflects a £100k grant that was received for the Planning Officers National Competency Framework study.

7. **Economic Growth Skills & Regeneration**

This group which now includes Adult & Community Learning leads on the Economic Powerhouse agenda. Funds received from EEDA and DWP for economic policy work and employment initiatives explains the variance to date.

8. Highways & Transportation

Highways service remains relatively unchanged from 2009/10. Two of the three Head of Service posts were vacant in the first quarter and conducting budget reviews have proved challenging. This area shows the largest variance to date because of car parking receipts being processed in the first quarter and delays in invoices being provided by suppliers. Traffic Management (£0.212m) and Passenger Transport (£0.116m) have forecast over spends with both areas experiencing reductions in income from areas such as road safety grants, road openings or car parks.

9. Planning

This service area contains all aspects of planning together with the countryside access service. The group has a variety of income sources including grants, partnership contributions and customer fees that partially cover operating expenses. Albion Archaeology, Building Control, JTU and Minerals & Waste all generate customer fees that cover part or all of running costs. Strategic planning and development management were partly reliant on HPDG operating over three years to 2010/11 to subsidise operations. The downturn in the economy has reduced customer fees, and the change in Government has seen the cessation of the HPDG one year early. Year to date variance is due to the receipt of Area Based Grant for climate change work £26k and credits built up over the year end where invoices have not yet been processed.

10. Community Safety Public Protection Waste & Leisure

The Leisure service has been absorbed into this group and there are plans to further consolidate teams and reporting lines. The two area public protection units were merged from the beginning of the financial year to save management costs. Community Safety (£0.176m) and Waste Services (£0.373m) have forecast over spends with the latter facing pressure from price increases. Receipt of the vigilance fund and Big Lottery grant for sports development explains the year to date variance.

Executive Summary Capital

11. The capital programme remains under review pending the completion of the final accounts for 2009/10. Table B below shows a summary of the capital budget for 2010/11 approved by Council in February 2010 including the Leisure & Culture schemes. A breakdown by scheme is shown at Appendix B.

Table B Capital budget summary (£'000)

Schemes	2010/11 Programme		
	Expenditure	External Funding	Net
Leisure & Culture	£4,274	£1,525	£2,749
Sustainable Communities	£23,268	£16,031	£7,237
Total Programme	£27,542	£17,556	£9,986

12. External funding in 2009/10, for example s278 developer contributions, was lower than budget and the likelihood of this recurring in 2010/11 is deemed to be high. However net authority funded expenditure will not be affected.

Government grants were reduced for the following areas: Integrated Transport Block £670k and Road Safety schemes £170k. The capital programme will be re-profiled to include these reductions.

Key Management Actions

13. Services to adjust operations for the reduction in grants as notified by the Government:
 - revenue grants: road safety £0.20m, community safety £0.25m, and free swimming £0.15m.
 - capital grants: Integrated Transport Block £0.67m and road safety schemes £0.17m.
14. Services to review income budgets where there were no receipts in 2009/10 and first quarter 2010/11.
15. Cleansing of workforce data shown in Appendix F to reflect deletions under the Senior Management Review and 2009/10 Efficiency and service reduction measures. This will allow accurate forecast of vacancy rate and any offsetting under spend.

Revenue Virements

16. A virement of £23,042 was posted this month from Adult Social Care to Domestic Abuse Service which had been approved in 2009/10.

A major budget realignment exercise was completed as requested by Heads of Services. These technical adjustments were within the delegation limits of Assistant Directors or Heads of Services.

Key Cost Drivers

17. Key Cost Drivers that were reported last year are provided below. This set needs to be expanded to cover the Leisure & Culture services as appropriate.

Cost Driver	Target	Current Performance	Previously Reported Performance	Comment
Tonnes of refuse sent to landfill.	52,541 tonnes	Apr-Jun 10 12,300 tonnes	Apr-Jun 09 12,396 tonnes	A key indicator within Waste as it is influenced by waste minimisation and diversion initiatives. Any waste sent to landfill incurs £48/tonne landfill tax charge on top of disposal costs. Landfill tax set to rise by an additional £8 per tonne cumulatively over the next 3 years
Directorate achievement of employee costs budgets.	5% vacancy target (FTE)	xx% of FTEs not avail	Apr-Jun 09 not reported	35% of the Directorate's budget relates to payroll costs therefore achievement of vacancy targets is a good indicator of likely outturn.
Planning and Development fees.	£5.7m	£1.19m	Apr-Jun 09 not reported (prorated £1.33m)	The current economic climate makes close monitoring of these volatile budgets essential.

Efficiency Implementation

18. Efficiency savings for 2010/11 is set at £3.168m however this amount includes duplication with the SMR and transposition errors as follows:
- a) SMR duplication - £0.117m, this is being dealt with by the Quarter 1 Budget Monitoring report to August 2010 Executive;
 - b) Adults & Community Learning budget transfer omission from Book Fund in 2010/11 - £0.063m, this is being considered by the s151 officer.
19. Efficiency savings achieved to date was £1.743m which is on budget. The annual savings is forecast at £3.165m which is £2,000 less than target.

Table C – Efficiencies Summary

Service Area	Year to date			Full Year		
	Budget £m	Actual £m	Variance	Budget £m	Forecast £m	Variance
Sustainable Communities						
Efficiencies						
Community Safety, PPWL	0.460	0.460	0.000	0.777	0.777	0.000
Highways and Transport	0.403	0.403	0.000	0.403	0.444	0.041
Planning	0.187	0.187	0.000	0.448	0.448	0.000
Economic Growth & Regeneration	0.101	0.101	0.000	0.124	0.124	0.000
Service Development	0.059	0.059	0.000	0.611	0.672	0.061
Development Management	0.169	0.169	0.000	0.195	0.195	0.000
Culture and Leisure	0.364	0.364	0.000	0.610	0.505	(0.105)
TOTAL	1.743	1.743	0.000	3.168	3.165	(0.002)

20. Services have identified £0.839m of pressures following intensive budgetary reviews between February and June 2010 (Appendix C). There is some risk that the forecast outturn does not fully capture all of the pressure items or mitigating actions.

Reserves position

21. Appendix D sets out the reserves balances and the proposed use of £0.856m. The proposed usage is for grant funded projects, planning or development activities, and replacement equipment for leisure centres.

Debt management

22. The debt profile of the directorate is shown in Table D. Debtors who owed more than £10k accounted for over 91% of the amount due. About 71% of the debt is less than three months old. Five accounts were over a year old however the individual amounts were quite small with the total outstanding being £3,082.26. Appendix E contains a list of debt greater than £10,000.

Table D – Debt Outstanding

Debt profile	No of debtors	Total Debt Value £'000	Due Current Month £'000	1-3 months £'000	3-12 months £'000	Over 12 months £'000
Over £100k	5	£1104	£74	£772	£259	
Between £50k and £100k	7	£521	£115	£222	£184	
Between £10k and £50k	12	£270	£136	£59	£75	
Between £1k and £10k	40	£115	£6	£49	£59	£1
Under £1k	202	£52	£7	£23	£21	£2
Total Debt	266	£2063	£338	£1125	£597	£3
Age Ratio		100.0%	16.4%	54.5%	28.9%	0.1%

Workforce data

23. Workforce data for June 2010 was not available so May summary is provided in Appendix F.

Appendices:

- Appendix A - Net Expenditure by service
- Appendix B - Capital budget by scheme
- Appendix C - Service pressures
- Appendix D - Reserves balance and usage
- Appendix E - Debtors over £10k
- Appendix F - Workforce Data summary

Location of papers: Priory House, Chicksands