

REPORT TO THE EXECUTIVE		Report No. 7
Date of Meeting	13 th March 2008	
Title of Report	Revenue Budget Monitor 2007-08 - Month 10	
Portfolio	Leader's Responsibilities	
Link to Corporate Priorities	All	
Key Decision	Yes	
Executive Workplan Ref	A20	
Public Report	Yes	

<p>Summary of Report</p> <p>The report sets out the Revenue budget monitor for Month 10 of the 2007-08 financial year, showing the financial position at the end of January 2008 and setting out the anticipated variations in income and expenditure that could affect the Council by the end of the financial year.</p>
<p>Officer Recommendations</p> <p>That the Executive:</p> <ol style="list-style-type: none"> Note the report forecast under spend of £534k. Authorise the Head of Finance & Resources to use unlimited virements to re-align budgets as a result of reorganisation within business areas and across the Council

Other than those implications agreed with the relevant Officers and referred to below, there are no other implications associated with this report.				
Financial Implications	Legal Implications	Community & Environmental Implications	Human Resources Implications	Equality & Diversity Implications
Yes	No	No	No	No

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1. Introduction

- 1.1 Revenue budget monitors are produced to report on May (M2) to February (M11) of each financial year. They track progress against the agreed budget decisions, forecast any anticipated significant variances to the budget, and enable corrective action to be taken.
- 1.2 As a result of re-organisation a number of virements will be required to re-align budgets within and across business areas in preparation for the year end process and next years budget. The movement of costs have already taken place and are pre-approved. The transfer of budgets would match to costs ensuring transparency and consistency within the budget monitoring.

Virements of this level currently require approval from the Executive, however it is requested that the Head of Finance and Resources be given the authorisation to approve such virements. These would be done under approvals to technically align budgets for 2008-09, but doing them in 2007-08 would ease pressure during 2007-08 closedown.

- 1.3 The main issues to bring out at month 10 are discussed in 3.1.

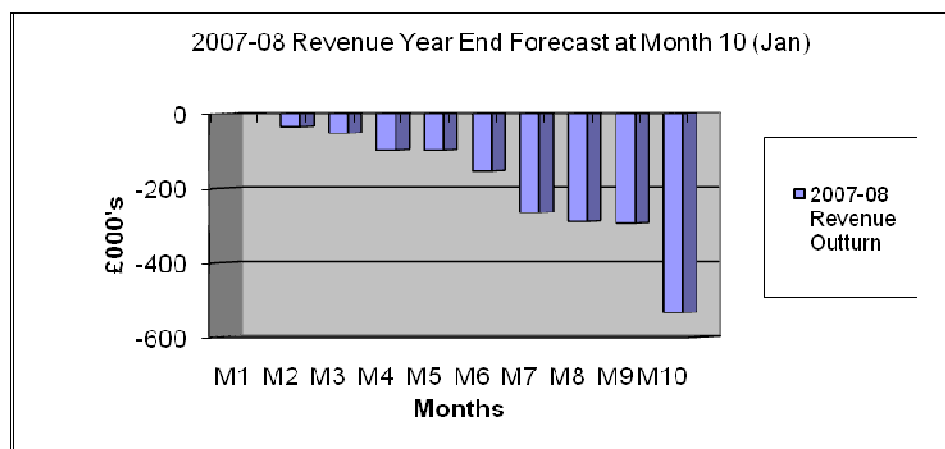
2 Options & Options Appraisal

- 2.1 Option 1: To agree the recommendations
- 2.2 Option 2: To not approve the recommendations. If this were the case, the Executive would need to offer alternative recommendations.

3. Background Information

- 3.1 **Overall position** - The projected Revenue forecast for the year, at Month 10, shows an under spend of £534k, an increase of £240k from the Month 9 position of £294k under spend. Annex 1 gives a full analysis against the revised budget.

Exhibit 1 - Graph showing 2007-08 forecast surplus/deficit, month by month, over the year



The following tables show variances by subjective analysis and by business area, tracking the risk performance for each:

Exhibit 2 – Table showing 2007-08 forecast over(+)/under(-) spend by “subjective & gross net”

Type of cost/income	Budget £000's	Forecast for the year £000's	Forecast Variance £000's
Pay	14,107.3	13,925.8	-181.4
Premises	1,283.8	1,337.1	53.3
Transport	1,405.3	1,676.9	271.6
Supplies	5,542.8	5,653.3	110.5
Third Party	2,518.7	2,554.0	35.3
Transfer Payments	21,150.0	21,149.7	-0.3
Controllable Expenditure	46,008.0	46,297.0	289.0
Capital Financing	1,386.6	1,386.6	0.0
Recharges	10,354.3	10,354.3	0.0
Gross Expenditure	57,748.9	58,037.9	289.0
Income	-28,734.4	-29,281.2	-546.8
Recharges	-11,001.7	-11,001.7	0.0
Net Cost of Services	18,012.7	17,754.9	-257.8
<i>Additional Financing Income</i>		-276.0	-276.0
Total Underspend	18,012.7	17,478.9	-533.8

N.B. Transport costs include £200k provision for Concessionary Fares
Pay costs include £150k provision for Unitary transition costs

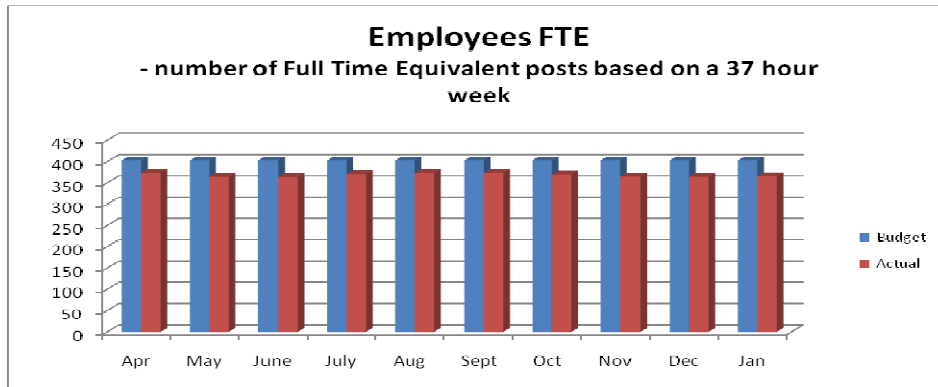
Exhibit 3 – Table showing 2007-08 forecast over(+)/under(-) spend by Business Area

Business Area	Net Budget £000's	Forecast for the year £000's	Forecast Variance £000's
Chief Executive	1,071.6	1,071.6	0.0
Community Engagement	3,355.1	3,216.3	-138.8
Customer Relations	1,753.6	1,804.9	51.3
Development Services	2,758.2	2,576.2	-182.0
Environmental Services	6,296.5	6,340.2	43.7
Finance & Resources	0.0	0.0	0.0
Governance	1,749.8	1,749.8	0.0
HR	63.3	85.3	22.0
ICT	0.0	-120.0	-120.0
Policy & Performance	674.1	803.1	129.0
PR	290.5	227.5	-63.0
Net Cost of Services	18,012.7	17,754.9	-257.8
<i>Additional Financing Income</i>		-276.0	-276.0
Total Underspend	18,012.7	17,478.9	-533.8

N.B. Customer Relations - includes £200k provision for Concessionary Fares
Policy & Performance - includes £150k provision for Unitary transition costs

The establishment started the year with 419.8 Full Time Equivalents (FTE's). There are 403 FTE's in the budget. In January there were 365 FTE's employed.

Exhibit 4 - Graph showing budgeted and actual Full Time Equivalent employees



3.2 **Change in month.** Analysis of monthly movement by major area and Business Area from the previous month. The main detail is now shown in exhibit 5.

Exhibit 5 – Table showing major monthly movements in the year end forecast £000's

	Note		
Month 9 reported year end forecast			-294.0
Expenditure:			
<u>additional costs:</u>			
sandbagging during floods		+15.2	
additional tree work		+15.0	
depot security costs		+3.1	
DC Leisure costs		+25.0	
Council Tax Recovery – insurance and swipe cards		+10.0	
<u>additional savings:</u>			
employee costs		-56.0	
electricity savings Monkton Park		-5.0	
various supplies and services – all service areas		-96.7	
various third party payments – all service areas		-20.9	
lease car costs		-20.0	
transport		-3.3	
			-133.6
Income:			
<u>additional income:</u>			
planning applications		-135.0	
Homelessness – temporary accommodation		-13.8	
Smoke Free grant		-36.6	
Works recharged to WCC		-30.0	
<u>reduced income:</u>			
car parking		+100.0	
various – across service areas		+9.0	
			-106.4
Months change			-240.0
Month 10 reported year end forecast			-534.0

Exhibit 6 – Table showing monthly movement in the year end forecast by Business Area

Business Area	December Forecast £000's	January Forecast £000's	Movement £000's
Chief Executive	1,071.6	1,071.6	0.0
Community Engagement	3,275.6	3,216.3	-59.3
Customer Relations	1,739.9	1,804.9	+65.0
Development Services	2,673.8	2,576.2	-97.6
Environmental Services	6,362.2	6,340.2	-22.0
Finance & Resources	45.0	0.0	-45.0
Governance	1,759.8	1,749.8	-10.0
HR	88.3	85.3	-3.0
ICT	-120.0	-120.0	0.0
Policy & Performance	853.1	803.1	-50.0
PR	245.5	227.5	-18.0
Net Cost of Services	17,994.8	17,754.9	-239.9
Additional Financing Income	-276.0	-276.0	0.0
	17,718.8	17,478.9	-239.9

3.3 Council Tax write-offs

Separate reports have been taken to the Executive previously, and a number of write-offs have been approved. There is no impact on revenue, as these will be against the bad debt provision.

4 Emerging Issues in month

4.1 There are no emerging issues to report.

5. Financial Implications

5.1 The effect on the Council's Reserves, if the under spend at Month 10 remains, is as set out below.

Exhibit 7 - Table Analysis of movement in general reserves during the year £000's

General Fund Reserves at March 2007		4,240
2007-08 Budgeted reduction		0
Subtotal		4,240
October 12 Executive – Spend to Save, Revenues		-100
Subtotal		4,140
This report – predicted outturn – under spend		534
Predicted General Fund Reserves at March 2008		4,674

- Minimum level of Reserves of £3.5m, agreed by the Council for 2007/8 on February 22nd 2007

6 Risk Analysis

6.1 Risks are assessed as part of the monthly budget reporting process. General Reserves are maintained to cover any risks that arise.

Annexes:	<ol style="list-style-type: none"> 1. Summary Monitoring Table 2. Headcount & FTEs, Agency Staff analysis
Background Documents Used in the Preparation of this Report:	<ul style="list-style-type: none"> • Budget monitoring reports for Teams across the Council • Minutes of relevant Member meetings

Previous Decisions Connected with this Report

Report	Committee & Date	Minute Reference
Budget Proposals 2007-08	Council – February 22, 2007	C95(a)
Revenue Monitor – Framework for Improvements	Executive - June 7, 2007	E10
Revenue Monitor 2007-08 – Month 2 May	Executive July 12, 2007	E34
Revenue Monitor 2007-08 – Month 3 June	Executive August 30, 2007	E51
Revenue Monitor 2007-08 – Month 4 July	Executive October 04, 2007	E77
Revenue Monitor 2007-08 – Month 6 Sept	Executive November 01, 2007	E97
Revenue Monitor 2007-08 – Month 7 Oct	Executive December 06, 2007	E122
Revenue Monitor 2007-08 – Month 8 Nov	Executive January 17, 2008	E147
Revenue Monitor 2007-08 – Month 9 Dec	Executive February 7, 2008	E176