



GREAT YARMOUTH
BOROUGH COUNCIL

ADDITIONAL PAPERS

for the

CABINET

19 September 2007

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CABINET

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ADDITIONAL PAPERS

5. 2007/08 BUDGET MONITORING

... The Head of Financial Services report is attached (pages 12-15).

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Subject: 2007/08 BUDGET MONITORING
Report to: Cabinet – 19 September 2007

Report by: Head of Finance

This report presents a General Fund Revenue budget performance review as at 30th July for the 4 months from 1 April 2007 to 31 July 2007.

Cabinet is asked to note the report.

Departmental reference:

G:\Budget Monitoring 2007-8\period 4 - BMR to Members 0708 - Apr to July.doc

Date: 19 September 2007

Background papers: Budget Monitoring Reports and Variance Explanation Reports
G Y B C Budget Book 2007/08

1. Executive Summary:

- 1.1 This is the second monitoring report presented to Cabinet for the 2007/08 budget year using the new Financial Management System.
- 1.2 A revised budget monitoring process has been implemented incorporating budget spending profiles, forward looking outturn forecasts and variance explanations based upon information provided by service unit managers or the service accountants.
- 1.3 At the last Cabinet meeting, a virement was approved to fund a proposed new structure within the Finance Team. As part of this structure a service accountant has been allocated to each service, and these posts have been filled on a temporary basis pending final approval of the team structure.
- 1.4 The report to Cabinet on 22 August contained a high level review of budgets with a commitment to a more in-depth review in this report. Further progress has been made, and this is reflected in this report. However, there is still work outstanding to accurately profile the budgets, as well as ensuring that all committed expenditure is accrued each month.
- 1.5 An overspend has been identified in meeting the cost of early retirements through redundancy. In prior years this cost has been split over 3 years, which represented the points at which the payments became due to the administering authority (Norfolk County Council). More recent interpretation of accounting rules has led to the full cost of the early retirement through redundancy being recognised in the year in which it occurs, rather than the year in which the payments become due. Provision was made in the budget for the first year of the early retirement through redundancy costs (of £83k) but the full costs (of approximately £315k) will need to be accounted for in 2007/08. This is essentially a timing difference, but as this will have an impact on the level of General Fund Reserves, this will be closely monitored to ensure that the outturn is within acceptable limits.
- 1.6 At the same time a windfall of £166k has been received in respect of the recent ruling for the Local Authority Business Growth Incentive (LABGI). The Council has benefited from additional income as a result of "Code 20", which is the additional rateable value as a result of extensions to commercial premises (previously excluded from the LABGI calculation). The Medium Term Financial Strategy identifies that this windfall income should be used to pump prime Invest to Save projects to assist the Council in meeting the savings targets for 2008/09 and 2009/10. As such schemes are brought forward these will be evaluated and implemented.
- 1.7 Identification of how the savings target of £251k will be achieved has been made, and this will be built into base budgets to be included in the General Fund Summary in August.
- 1.8 The target savings on the establishment of £308k are on target to be achieved.

Excluding the overspend on the early retirements detailed above, the underspend on staff costs in the year to date amounted to approximately £200k (including a provision for pay increases at 2.5%). This is above target at this point, but will continue to be monitored carefully in order to ensure that the target is achieved by the year end.

2. General Fund Summary.

Department	Budget YTD £000s	Actual YTD £000s	Variance YTD £000s	Budget Full year £000s	Forecast Outturn £000s	Forecast Variance £000s
Central Services	1,061	923	(138)	2,122	2,354	232
Community Services	1,191	1,088	(103)	4,321	4,321	-
Customer Services	107	139	32	(27)	(27)	-
Financial Services	475	443	(32)	1,235	1,235	-
Architects	13	(40)	(53)	40	40	-
Planning and Development	282	284	2	734	734	-
Regen and Environment	2,069	1,949	(120)	6,919	6,919	-
Revenues & Benefits	1,466	1,168	(298)	1,980	1,980	-
Total	6,664	5,954	(710)	17,324	17,556	232

- 2.1 **Central Services** is showing an expected overspend at the year end of 232k. due to meeting the cost of early retirements. In prior years the cost of early retirements has been split over 3 years, which represented the points at which the payments became due to the administering authority (Norfolk County Council). More recent interpretation of accounting rules has lead to the full cost of the early retirement being recognised in the year in which the early retirement occurs, rather than the year in which the payments become due. Provision was made in the budget for the first year of the early retirement costs (of £83k) but the full costs (of approximately £315k) will need to be accounted for in 2007/08. This is essentially a timing difference, but as this will have an impact on the level of General Fund Reserves, this will be closely monitored to ensure that the out-turn is within acceptable limits.
- 2.2 The underspend in **Community Services** relates mainly to the lease of accommodation for homelessness, payment for which has been made in subsequent months. This area is expected to be in line with the current budget by the year end.
- 2.3 **Customer Services** are showing an overspend of £32k in the year to date, as a result of a requirement to further profile the budget for software and hardware maintenance. No concerns have been raised in this area at this stage.

- 2.4 **Financial Services** is showing an underspend in the year to date, following a virement of funds to allow the proposed new structure to be established. While no overspend is being predicted at this stage, there is a pressure on the Concessionary Fares budget following the settlement of an appeal from a bus operator for additional reimbursement after they successfully challenged the basis of the calculation with the Secretary of State. The scheme is also demand led, and the take up of free travel has been greater than anticipated. The full implications are being considered and will be reported once it is possible to evaluate the financial impact.
- 2.5 The **Architects'** service is showing an underspend of £53k at this stage due to a profiling issue on the recharges budget which will not impact on the out-turn position.
- 2.6 **Planning and Development** budgets are broadly in line with expectations, with a small overspend being shown at this stage.
- 2.7 **Regeneration and Environment** budget is showing the greatest levels of variance, with a £120k underspend in the year to date. This is primarily due to profiling issues, and is being refined for future reports. There are pressures on this budget which are currently being evaluated, and will be reported in more detail in future months.
- 2.8 **Revenues services** forecast a potential under-spend against budget due to on going service performance improvements resulting in additional subsidy entitlement. The overall potential value of additional subsidy claim is being evaluated as it is still early in the year to make a firm assessment of overall performance.

3. **Capital Programme**

- 3.1 Capital programme financial information will be reported in the half year report to September.

4 **Recommendation**

- 4.1 That the Members note this report.