

Report

4

Report to:	Financial Resources Scrutiny Forum
Date of Meeting:	03 February 2011
Report by:	Archibald Strang, Chief Executive

Subject:	Revenue Budget Monitoring 2010-11
----------	--

1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ update members of the Financial Resources Scrutiny Forum of progress on the Council's revenue budget for the period covering 1 April 2010 to 23 December 2010.

2. Recommendation(s)

2.1. The Financial Resources Scrutiny Forum is asked to approve the following recommendation(s):-

- (1) that the 2010/2011 Financial Position as at period 10 (23 December 2010) for General Services, Housing Revenue Account and Trading Operations is noted (as detailed in Appendix A);
- (2) that following the probable outturn exercise, the forecast to 31 March 2011 of an underspend of £2.000 million, be noted; and
- (3) that the position on the Community Resources' Trading Operations, Financial and Operational Performance Review, as at period 10 2010/2011 (23 December 2010) be noted (as detailed in Appendix B).

3. Background

3.1. The Revenue reports attached provide detail on the most recent Executive Committee report dated 26 January 2011. The reports detail the position as at 23 December 2010 for General Services, Housing Revenue Account and the Council's Trading operations. Also, Financial and Operational Performance Review papers have been included for the Fleet and Facilities Management Trading Operations as part of the rotating reporting cycle.

3.2. The papers have been split into separate Appendices as shown below:

- Appendix A – 2010/11 Financial Position as at Period 10 (23 December 2010) for General Services, Housing Revenue Account and Trading Operations
- Appendix B – Community Resources' Trading Operations – Financial and Operational Performance Review as at period 10 2010/2011 (23 December 2010).

4. Employee Implications

4.1. None

5. Financial Implications

- 5.1. The financial position of the General Services Revenue Budget, Housing Revenue Account and the Council's Trading Operations are detailed in Appendices A and B attached.
- 5.2. Appendix A shows a net underspend of £0.483 million against the phased budget.
- 5.3. The work to finalise the calculations in respect of the transfer of Cultural Services, Halls and Libraries to the Cultural Trust from Community Resources and Education Resources is now complete. As a result of the transfer, a saving of £0.330 million has been made in respect of Non Domestic Rates. The annual budget figures in Appendix 1 reflect the transfer of budget from Education to Community Resources in respect of the transfer to the Trust and also the transfer of the saving to the centre (Financing Charges).
- 5.4. In December 2010, the Local Government Finance Settlement (FC14/2010) provided an update on the 2010/11 expenditure figures. Additional Revenue Grant was confirmed and totalled £0.103 million in relation to Flood Prevention and Fire Injury Payments.

The additional General Revenue Grant has been reflected in the annual budget and outturn position as shown in Appendix 1.

- 5.5. Following the probable outturn exercise, the financial forecast for year ended 31 March 2011, has been confirmed. Taking account of all known commitments, the figures at Appendix 1 show an underspend of £2.000 million on the current year budget.
- 5.5.1. Within the position shown in Appendix 1, there is a reduced surplus within the Building Maintenance Trading Service, included within the Trading account surplus line. This is offset by a reduced contribution to the Council's capital programme.
- 5.5.2. In addition, there is an underspend within Financing Charges of £10.229 million. This is mainly due to savings in year as a result of changes in the borrowing strategy, the element of the 2010/11 pay award budget allocation which was not required and the 2010/11 utilities budget allocation which was not required. The figure also reflects estimates of the commitments in relation to early release costs.
- 5.5.3. Within Council Tax, there is an over recovery against the Council Tax budget of £1.312 million, including ring fenced monies for Council Tax Second Homes which is available for use on Affordable Social Housing. The expenditure for this is incurred by Housing and Technical Resources.
- 5.5.4. Offsetting these underspends and over recoveries is a proposed contribution to Reserves of £9.378 million. The additional amounts allocated to specific Reserves are detailed below:-

	£m
<u>Proposed Additional Contributions</u>	
Insurance Fund (additional to budgeted contribution)	1.000
Winter Maintenance Fund	2.000
Repairs and Maintenance	2.000
Capital Fund	<u>4.378</u>
 TOTAL Contribution	 <u>9.378m</u>

Insurance Fund

In 2010/11 the Council budgeted to make a contribution to the Insurance Fund, as a consequence of the actuarial review of the fund. The additional £1m is in line with the Financial Strategy where it was agreed to build up the Fund from underspends to a level which would support greater self insurance and enable savings on future premiums.

Winter Maintenance Fund

The contribution to the Winter Maintenance Fund of £2 million is to build up the Fund to try and counter the effect of the costs of future adverse weather conditions on the Council's budgets. This is in addition to the £1.670 million allocated to Enterprise Resources' budget in 2010/11 as a one-year contribution to the fund.

Repairs and Renewals

The Repairs and Renewals Fund offers one of the few elements of financial flexibility open to the Council. The proposed contribution of £2 million seeks to secure the condition of the properties and in infrastructure in which the Council has invested heavily in recent years.

Capital Fund

Flexibility against revenue budget and loans fund expenditure can be secured by using this money to repay loans fund principal. This will include funding of further severance costs.

- 5.6. The underspend of £2 million reflects the anticipated amount to be contributed to the General Fund reserve, in line with the Council's Financial Strategy, as reported to the Executive Committee on 26 May 2010.

6. Other Implications

- 6.1. The main risk associated with the Resource's Revenue Budget is failure to manage the budget resulting in a significant overspend. The risk has been assessed as low given the detailed budget management applied across the Services of the Resources. The risk is managed through four weekly Budget Monitoring Meetings at which any variance is analysed. In addition, the probable outturn exercise ensured early warning for corrective action to be taken where appropriate.

7. Equality Impact Assessment and Consultation Arrangements

- 7.1. This report does not introduce a new policy, function or strategy or recommend a change to existing policy, function or strategy and therefore no impact assessment is required.
- 7.2. There was also no requirement to undertake any consultation in terms of the information contained in this report.

Archibald Strang
Chief Executive

17 January 2011

Link(s) to Council Values / Improvement Themes / Objectives

- ◆ Accountable, Effective and Efficient

Previous References

- ◆ None

List of Background Papers

- ◆ Revenue Ledger prints to 23 December 2010

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Paul Manning, Head of Finance

Ext: 4532 (Tel: 01698 454532)

E-mail: paul.manning@southlanarkshire.gov.uk