



# **CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE**

## ***Committee Report***

### **Public**

**Date of Meeting:** 23 February 2006

**Title:** BUDGET OVERVIEW AND MONITORING REPORT: APRIL TO  
DECEMBER 2005

**Report of:** THE DIRECTOR OF CORPORATE SERVICES

**Report reference:** FS44/05

### **Summary:**

This report provides an overview of the Council's overall budgetary position for the period April to December 2005, for both Revenue and Capital budgets.

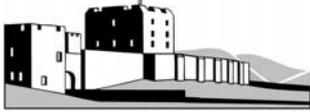
### **Recommendations:**

Members of the Corporate Resources Overview and Scrutiny Committee are asked to note the overall budgetary position for the period April to December 2005 which was considered by the Executive on 20 February 2006.

**Contact Officer:** Jackie Grierson

**Ext:** 7289

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None



# REPORT TO EXECUTIVE

## PORTFOLIO AREA: FINANCE AND RESOURCES

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Date of Meeting: 20 February 2006

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Public

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Key Decision: No

Recorded in Forward Plan:

No

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Inside Policy Framework

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This report provides an overview of the Council's overall budgetary position for the period April to December 2005, for both Revenue and Capital budgets.

### **Recommendations:**

The Executive is asked to:

- (i) Note the overall budgetary position for the period April to December 2005;

**Contact Officer:** Jackie Grierson

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## CITY OF CARLISLE

To: The Executive  
20 February 2006

FS44/05

### BUDGET OVERVIEW AND MONITORING REPORT APRIL TO DECEMBER 2005

#### **1. BACKGROUND INFORMATION AND OPTIONS**

- 1.1 In accordance with the City Council's Financial Procedure Rules, the Director of Corporate Services is required to report to the Executive on the overall budget position, the monitoring and control of expenditure against budget allocations and the exercise of virement on a regular basis.

All Managers currently receive monthly budget monitoring reports for their areas of responsibility. Information is collated from the main accounting system and then adjusted to correct any known budget profiling trends, timing differences and any known commitments.

- 1.2 Throughout the report, the use of brackets indicates a credit or income budget, and the term underspend also relates to additional income generated.
- 1.3 Where the term 'revised budget' has been used, this denotes the original budget for 2005/06 plus the carry forward requests, and supplementary estimates approved to date.
- 1.4 In accordance with the City Council's Financial Procedure Rules it is the responsibility of Directors to control income and expenditure within their areas of responsibility and to monitor performance, taking account of financial information provided by the Director of Corporate Services. They should report on variances within their own areas and as such Directors will be able to provide more detailed explanations at the meeting of their particular budget areas if required.
- 1.5 Previous budget monitoring reports have been prepared in Business Unit order. This report shows the variances for each Directorate based upon the draft structure, but as yet it is not possible to report the total budgets for each Directorate. There has also been an attempt to identify potential carry forwards at the year end.

## 2. REVENUE BUDGETS

### 2.1 Appendix A – Revenue Budget Monitoring Summary: April to December 2005

The summarised position as at December 2005 is shown below

	<b>Direct Control</b>	<b>Indirect Control</b>	<b>Total</b>
<b>Annual budget</b>	<b>53,946,800</b>	<b>(37,331,700)</b>	<b>16,615,100</b>
Budget to date	40,923,486	(28,757,281)	12,166,205
Actual	39,239,208	(28,303,798)	10,935,410
<b>Variance as at December 2005</b>	<b>(1,684,278)</b>	<b>453,483</b>	<b>(1,230,795)</b>

### 2.2 An analysis of the variance by Directorate is as follows:

	£
Carlisle Renaissance	12,800
Community Services	(492,600)
Corporate Services	(371,200)
Development Services	(211,700)
Legal & Democratic Services	(63,300)
People, Policy & Performance	(43,300)
Miscellaneous	<u>(35,900)</u>
	<u>(1,230,800)</u>

2.3 Of the above underspend, £443,900 can be attributed to additional income, ringfenced grants and salary turnover savings, with the balance of £786,900 being underspends on expenditure budgets.

2.4 Further details for each Directorate can be found in Appendix A (A1-A6). Each appendix shows a breakdown of the variance for that Directorate, with comments from the Director and a note of any performance issues.

2.5 Where the term 'committed' is used, it does not necessarily mean that expenditure will be incurred by 31 March, and therefore there is still potential for a carry forward, although the amount cannot be fully quantified at this time. Potential carry forwards to date have been estimated at £355,200; £153,300 relates to grant income received in advance, and £79,000 is for play areas, where the contract will be signed by March but the work will not be completed until the summer.

- 2.6 The City Council has been awarded a LABGI (Local Authority Business Growth Incentives) grant of £422,199 for 2005/06. This scheme is designed to give local authorities an incentive to maximise local economic growth by allowing them to keep a proportion of increases in local business rate revenues to spend on their own priorities. The grant will not be received until February and will reflect as a future underspend in 2005/06.
- 2.7 There is an underspend in Conservation within Planning Services due to a surplus of £52,160 on the HERS scheme from English Heritage. This has arisen because expenditure incurred in previous financial years has been repaid in 2005/06. The Executive is requested to note the position and proposal to transfer this surplus into the Historic Buildings Conservation Reserve, which is used to purchase and renovate Historic Buildings in the area. Any profit from this scheme is returned to the reserve for subsequent projects.

### 3. CAPITAL BUDGETS

#### 3.1 Appendix B – Capital Budget Monitoring Summary: April to December 2005

This statement summarises the Capital Programme as at December 2005. Each scheme has been analysed in an attempt to determine expenditure in 2005/06 and possible slippage into 2006/07. An analysis of the total budget is shown below:

	£
Original 2005/06 capital programme	12,516,200
Additional 2005/06 schemes	<u>478,500</u>
	12,994,700
Approved carry forwards into 2006/07	<u>(2,464,200)</u>
Revised 2005/06 capital programme	<u>10,530,500</u>

The revised programme has been profiled to reflect likely patterns of expenditure in 2005/06. As at December, £4,062,323 has been spent and £1,004,630 committed against the profiled budget of £6,975,963, amounting to slippage of £1,909,010. Further carry forwards of £1,222,700 have now been identified and will be dealt with in the year end report.

3.2 The following table shows the main variances on the capital programme:

<b>Scheme</b>	<b>Variance £</b>
Implemented Electronic Government	(128,770)
Raffles Vision	(131,855)
Vehicles, Plant & Equipment (Renewals Reserve)	(345,969)
Sheepmount Bridge	(192,444)
Sheepmount Development (see paragraph 3.3)	266,000

Further details can be found in Appendix B.

3.3 The Sheepmount Development has incurred additional costs due to the flood, and the charge to the insurers is still to be identified. It is possible that the scheme will exceed budget and it is proposed to fund part of this from the underspend on the Sheepmount Bridge budget (see report CS 06/06). Further details will be provided in a separate report to the Executive once negotiations are complete.

3.4 A scheme for two Multi Use Games Areas (MUGAs) costing £248,000 has commenced and will be completed by March 2006. This scheme was added to the capital programme in December and is entirely funded by a grant from Sport England. A further MUGA is proposed for 2006/07 and will be funded from several external sources. This scheme is not yet included in the 2006/07 capital programme and a further report will be presented to the Executive in due course.

### 3.5 **Capital Resources Monitoring: April to December 2005**

The following table shows the Capital Resources at December 2005:

	<b>Projected Receipts</b>	<b>Actual Receipts</b>	
Sales of surplus assets	(1,458,000)	(1,020,387)	
RTB Sharing agreement	<u>(5,100,000)</u>	<u>0</u>	Due 28 April 06
Total	<u>(6,558,000)</u>	<u>(1,020,387)</u>	

## 4. **HIGH RISK BUDGETS**

4.1 A number of high-risk budgets have been identified which require detailed monitoring throughout the year. These include budgets carried forward from last year, and recurring and non-recurring bids approved in the 2005/06 Council Resolution. Other high-risk areas which may cause concern during the year have also been highlighted.

4.2 Several income budgets have been reduced during 2005/06. The following table shows the position against these budgets as at December 2005:

	<b>Revised Budget £</b>	<b>Actual Income £</b>	<b>Current Variance £</b>
Land Changes	(219,477)	(234,114)	(14,637)
Car Parking	(1,056,654)	(1,049,298)	7,356
Development Control	(378,574)	(386,644)	(8,070)
Cemeteries	(195,900)	(197,234)	(1,334)
Crematorium	(423,963)	(412,964)	10,999

4.3 Licensing is a potential high-risk area due to the changes in the Licensing Laws which took effect from 6<sup>th</sup> August 2005. Lump sum payments were received from applicants to cover a ten year period; these payments will need to be transferred into reserves and allocated to revenue budgets over the ten years.

4.4 There is a risk to the Council's Concessionary Fares budget that increased take up of the scheme could push costs higher than projected, and the Executive will review the scheme after five months when actual ridership figures are available. Although this is not a particular risk for 2005/06, it will become a higher risk in 2006/07 and the budget will then be monitored closely.

## **5. VIREMENTS AND SUPPLEMENTARY ESTIMATES**

### **5.1 Appendix C – Virements processed for the period April to December 2005**

This details any virements exercised in accordance with the Financial Procedure Rules in the above period.

5.2 There has been a marked reduction in applications for renovation grants within the capital programme, and the Council is now looking to fund renewal areas instead of the current renovation scheme grant. A virement of £17,000 will be made to Energy Efficiency Grants from other private sector renewal schemes.

5.3 Supplementary Estimates approved in 2005/06 are as follows:

	£
Cumbria Air Ambulance	10,000
Carry forwards from 2004/05	1,535,700

## **6. PERFORMANCE**

For the first time an attempt has been made to link performance issues to the budget position. Work will continue to develop this and individual comments can be found in the appendices.

## **7. CONSULTATION**

### **7.1 Consultation to Date.**

SMT/CMT/JMT/SFPG have all considered the issues raised in this report.

### **7.2 Consultation proposed.**

Corporate Resources Overview & Scrutiny Committee will consider the report on 23<sup>rd</sup> February 2006.

## **8. RECOMMENDATIONS**

The Executive is asked to:

- (i) Note the overall budgetary position for the period April to December 2005;

## **9. REASONS FOR RECOMMENDATIONS**

As stated above.

## **10. IMPLICATIONS**

- Staffing/Resources – Not applicable
- Financial – Contained within the main body of the report
- Legal – Not applicable
- Corporate – SMT/CMT have been involved in the preparation of this report.
- Risk Management – Not applicable
- Equality Issues – Not applicable
- Environmental – Not applicable
- Crime and Disorder – Not applicable

ANGELA BROWN  
Director of Corporate Services

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**PEOPLE, POLICY & PERFORMANCE SERVICES****Analysis of Main Variances**

Service	Note	Underspend at Dec 2005	Forecast March 2006	Potential Carry Forward
		£	£	£
SMT Training	1	(29,000)	0	0
Personnel/Training	2	(14,300)	(20,000)	20,000
<b>Total Variance to date</b>		<b>(43,300)</b>	<b>(20,000)</b>	<b>20,000</b>

**Notes**

1. The reorganisation has taken longer than originally anticipated. The new management teams are still being finalised. It is likely that £10,000 will be requested as a carry forward to complete training in 2006/07.
2. The negotiations with trade unions on the local implementation agreement have taken longer than anticipated, as a result of which the whole project has been delayed.

**Director's Comments**

There has been a delay on making two appointments to the management team within the Directorate until Stage 2 of the reorganisation is finalised.