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REVENUE BUDGET MANAGEMENT  
MONTHLY MONITORING REPORT – JULY 2006

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Responsible Cabinet Member(s) - Councillor Don Bristow,  
Resource Management Portfolio

Responsible Director(s) - Paul Wildsmith, Director of Corporate Services

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**Purpose of Report**

1. To present Director's projections of income and expenditure for the year compared with approved budgets for consideration of the Council's overall revenue budget position for 2006/07.

**Information and Analysis**

2. Departmental and corporate budgets and projected outturns are summarised in **Appendix 1** and detailed in **Appendix 2**. The attached figures compare projected out-turns with the Medium Term Financial Plan approved by Council on 9th March 2006, updated to include 2005-06 outturn.
3. The Council's projected reserves at 31st March 2006 are summarised in **Appendix 3**. The projected General Fund Reserve at the end of 2006-07 is £9.719M, which is £0.459M better than MTFP. However, balances could be substantially reduced if projected departmental overspends materialise in full.
4. Departmental projected balances at 31st March 2006 are shown separately in **Appendix 3**. These total £1.187M deficit, compared with £0.187M surplus in the MTFP.
5. Community Services are showing a projected outturn of £1.054M deficit, mainly due to a projected overspend of £0.937M on Adult Services. Significant work is being carried out to reduce this figure as far as possible. The overspend relates to a number of areas, but mainly around the purchase of external care, where volumes of clients are higher than budgeted. There have also been unavoidable increases in fees in a residential home, along with loss of Supporting People income of £0.200M. The projected overspends on refuse collection and street cleansing relate to costs incurred in establishing the Street Scene service. Savings of £0.140M in 2006/07, rising to £0.500M per annum from 2008/09 are included in the MTFP. It is appropriate to allocate additional resources in respect of Street Scene set up costs and it is proposed that the Adult Services projection be noted at this stage, pending completion of the assessment of scope to reduce the projected level of spending.
6. Development and Environment shows a projected deficit of £0.254M, compared with MTFP £0.037M deficit. The principle reasons are reduced income from Parking, Markets,

Highways and Crematorium. It is possible that some improvement in income levels may be achieved in the remainder of the year. The departmental management team is seeking savings to minimize the net effect of reduced income. Any net increase in the departmental deficit above the level approved in the current MTFP will be dealt with in the review of the MTFP.

7. The reduction in Financing Costs (**Appendix 3**) of £0.333M relates to increased interest received due to higher rate of return for capital investments than budgeted (£0.156M) and both increased volume of investment and higher rate of return for temporary cashflow investments (£0.177M).
8. Schools projected balances are shown in **Appendix 2f**. At 4% of budget these are at a reasonable and appropriate level overall. Procedures are in place within Children's Services Department for monitoring with schools, the adequacy and planned use of schools balances.
9. The projected year-end balance on the Housing Revenue Account (**Appendix 4**) is £0.493M which is £0.011M below budget. This is 3.8% of the budget, which is satisfactory.
10. Projected Efficiency Gains are compared with the planned gains that were submitted to ODPM in April on the 2006-07 Annual Efficiency Statement (AES) in **Appendix 5**. The majority of planned gains are incorporated into the 2006-07 revenue budget and are on line to be achieved. Processes are in place to capture additional gains made during the year, one such gain is shown. Further gains will be identified during the remainder of the year and monitoring will continue against planned gains.

### **Legal Implications**

11. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members.

### **Section 17 of the Crime and Disorder Act 1998**

12. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

### **Council Policy Framework**

13. The issues contained within this report do not represent change to Council policy or the Council's policy framework.

### **Outcome of Consultation**

14. No formal consultation was undertaken in the production of this report.

## **Decision Deadline**

15. For the purpose of the 'call-in' procedure this does not represent an urgent matter.

## **Conclusion**

16. Appendix 3 shows the projected General Fund Reserve at 31st March 2006 is now £9.719M. This is an improvement compared with the MTFP and is consistent with the Council's policy on balances. The need to allocate additional resources for Street Scene and Adult Services should, however, be noted. These are likely to reduce balances at the year end below MTFP but is manageable.
17. Departmental balances are projected to be in deficit by £1.187M at 31st March 2007, compared with £0.187M surplus in the MTFP. The deficit would be reduced by the approval of additional resources from the General Fund Reserve.

## **Recommendation**

18. It is recommended that: -

- (a) The attached 2006/07 revenue budget projections be noted;
- (b) Additional resources of £0.140M be allocated to cover costs associated with establishing the Street Scene service;
- (c) The projected overspend on Adult Services be noted, pending completion of work to determine the level of additional resources required.
- (d) Further budget management and AES monitoring reports be presented regularly to Cabinet

## **Reasons**

19. The recommendations are supported to ensure that robust revenue budget management procedures are maintained and efficiency gains are monitored regularly.

**Paul Wildsmith**  
**Director of Corporate Services**

## **Background Papers**

Revenue budget 2006/07

David Hall : Extension 2303