

**WYRE FOREST DISTRICT COUNCIL****CABINET**  
**22nd SEPTEMBER, 2009****Report On Budget Monitoring – First Quarter 2009/2010**

<b>OPEN</b>	
<b>COMMUNITY STRATEGY THEME:</b>	Stronger Communities
<b>CORPORATE PLAN THEME:</b>	A Well-Run and Responsive Council
<b>CABINET MEMBER:</b>	Councillor Nathan Desmond
<b>DIRECTOR:</b>	Director of Resources
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<b>APPENDIX 1</b>	Wyre Forest District Council General Fund Total Requirements - District Council Purposes
<b>APPENDIX 2</b>	Budgetary Control Reports - Revenue
<b>APPENDIX 3</b>	Income Generation Projection Report
<b>APPENDIX 4</b>	Budgetary Control Report – Final Capital Programme 2008/2009
<b>APPENDIX 5</b>	Budgetary Control Report – Capital Programme 2009/2010
<b>APPENDIX 6</b>	Cabinet Proposal Progress Report
<b>APPENDIX 7</b>	Non Policy Saving Progress Report
<b>APPENDIX 8</b>	Budget Risk Matrix
<b>APPENDIX 9</b>	Prudential Indicators 2009/2012

**1. PURPOSE OF REPORT**

- 1.1 To monitor the Revenue Budget and Capital Programme in accordance with Local Government Act 2003 and Comprehensive Performance Assessment (CPA) guidelines.

**2. RECOMMENDATIONS**

The Cabinet is asked to **RECOMMEND** to **COUNCIL** for **APPROVAL**:-

- 2.1 The use of £14,500 of general reserves to fund the regional subscription to West Midlands Local Government Association in 2009/10 be approved:

The use of earmarked reserves of £166,549 to fund costs which are not able to be capitalised in relation to implementing restructuring relating to 2008/09, be approved;

The Cabinet is asked to **DECIDE** :-

- 2.2 That the projected budget variations and comments outlined within this report be noted. Information from this report will feed into the Budget Workshops proposed as part of the revised Budget Strategy timetabled for the end of September;

- 2.3 That the Income Generation Projection Report be noted;
- 2.4 That the Service Directors continue to monitor closely the Revenue Budget and Capital Programme, particularly in relation to implementation of Cabinet Proposals and non- policy saving approvals;
- 2.5 That the updated Capital Programme and Vehicle, Equipment and Systems Renewal Schedule 2009/2010, brought about by slippage and reassessment, be noted;
- 2.6 That the Cabinet Proposal and Non Policy Saving Reports be noted;
- 2.7 That the revised Budget Risk Matrix be noted;
- 2.8 That the updated Prudential Indicators be noted; and
- 2.9 To note that other than the approvals now sought for use of reserves (see 2.1) no Supplementary Estimates/Virements have been reported at this stage.

### 3. **BACKGROUND**

- 3.1 Council on 25<sup>th</sup> February 2009 agreed the revised Revenue Budget and Capital Programme for the period 2009/2012.

### 4. **KEY ISSUES**

- 4.1 The Cabinet is responsible for overall revenue budget and capital programme performance and monitoring.
- 4.2 The Director of Resources provides each Service Director monthly financial statements to assist with budget monitoring.
- 4.3 Each Service Director is responsible for the administration and monitoring of resources allocated to their Directorate.
- 4.4 The Cabinet is required to consider on a regular basis, relevant financial information relating to Budget monitoring and take appropriate action where necessary.
- 4.5 As part of last year's Finance Strategy a number of non-policy Budget reductions were incorporated into the Budget together with a schedule of Cabinet Proposals. Some of these approvals are proving to be particularly challenging and progress reports are shown in Appendix 6 for Cabinet Proposals and Appendix 7 for the non-policy approvals.
- 4.6 A revised strategy is being taken for this year's Budget process, including the requirement for efficiencies in the light of the projected issues covered in this report including:
  - The prospect of a reduced Local Government Finance Settlement from 2010/11 onwards.
  - Reduction in investment income, given the reduction in Bank Base Rates; although the changes to the Treasury Management Policy approved at Council on the 29<sup>th</sup> July go a small way towards mitigating this, as shown in Appendix 2 the current

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projection for actual to year end is £141,000 compared to the original Budget of £305,420.

- The diminishing availability of reserves available to fund the 3 year Strategy (paragraph 4.7 below also refers).

A number of Budget Cabinet member/officer workshops will be held during October as a key element of the revised Budget Strategy at which this first quarter's monitoring report will be used for essential background information.

- 4.7 Following extensive consultation with the Communities and Local Government and on the advice of our external auditors the Audit Commission it has been necessary to reconsider the former capitalisation of the pay in lieu of notice element of the severance Payments made on the 31<sup>st</sup> March 2009. Since it has now been determined they cannot fall under the specific Capitalisation Direction. Approval from Council is sought for the use of earmarked reserves of £166,549 to fund these costs.

## **5. FINANCIAL IMPLICATIONS - BUDGET MONITORING 1<sup>ST</sup> QUARTER 2009/2010**

- 5.1 A copy of the Council's approved Revenue Budget is enclosed as Appendix 1 for Members information.

- 5.2 The Director of Resources, having consulted with other Service Directors, has produced a schedule of significant revenue budget variations and comments on key activities for the first quarter as Appendix 2. These variances include:

- £164,420 (adverse) in relation to the reduction of interest projected to be received for 2009/10, as a result of the reduction in Bank Base rates.
- £178,000 (adverse) in relation to Waste Management Efficiency Grant no longer pass ported by the County Council and the net position of reduced Trade Waste income.
- £78,000 (positive) in respect of Energy cost savings
- £62,300 (adverse) in respect of a non policy saving to withdraw payments of shift allowance.
- £14,500 (adverse) in relation to the 2009/10 subscription to the LGA for which approval to fund from general reserves is now sought as part of the recommendations of this report.

- 5.3 A copy of the Income Generation Projection Report for the first quarter is enclosed as Appendix 3. This additional report is to enable Members to consider and focus on key income generation areas which impact on the overall revenue budget. Income variations are included together with expenditure items in Appendix 2.

- 5.4 A copy of the Council's Final Capital Programme and Vehicle, Equipment and Systems Renewal Schedule for 2008/2009 is enclosed as Appendix 4.

- 5.5 An amended Capital Programme and Vehicle, Equipment and Systems Renewal Schedule for 2009/2010, including slippage from 2008/2009 Capital Programme is enclosed as Appendix 5.

- 5.6 A copy of the approved Cabinet Proposals together with progress noted against each one is shown in Appendix 6. Appendix 7 shows a copy of the Non – Policy Budget changes together with a progress noted against each item. Both Appendices show

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progress against each Cabinet Proposal/Non Policy Budget Changes and a forecast of achievement to year end.

- 5.7 A copy of the updated Prudential Indicators is in Appendix 9.
- 5.8 No Supplementary Estimates/Virements have been reported at this stage.

### **6. LEGAL AND POLICY IMPLICATIONS**

- 6.1 The Local Government Act 2003 (sections 25–29) placed new duties on Local Authorities on how they set and prioritise budgets.
- 6.2 Section 28 places a statutory duty on an authority to review its budget from time to time during the year. If the Budget Monitoring Report shows that there has been deterioration in the Authority's financial position, the Authority must take such action as it concludes necessary. The Council currently reviews the Budget on a quarterly basis.
- 6.3 The new CPA guidelines place greater emphasis on Use of Resources made by Local Authorities. The Audit Commission will make a Use of Resources assessment based on the annual programme of external audit work. One of the Key Lines of Enquiry (KLOE) will be how well the Council manages and uses its financial resources.

### **7. RISK MANAGEMENT**

- 7.1 The Budget Risk Matrix has been revised to reflect the current assessment of risk. A copy of the Budget Risk Matrix is enclosed as Appendix 8 for information.

### **8. EFFICIENCY SAVINGS**

- 8.1 The financial year 2009/2010 is the second year of the Comprehensive Spending Review (CSR) 07 replacing the former "Gershon" regime. The Budget Review Panel will be considering a revised Efficiency Strategy during the 2009/2010 budget considerations. Initially, an exercise will be undertaken to consider the relative priority of **all** Council services against priority model adopted as part of 2009/12 Financial Strategy. The aim is for this to be complete by the end of October 2009. This will be aligned with revised strategy for this year's Budget Process of which a key element will be the requirement for efficiencies.

### **9. CONCLUSIONS / ACTION**

- 9.1 The information contained within Appendices 2, 3, 5, 6 and 7 provides Members with an overview of financial trends within the period to 30<sup>th</sup> June 2009, together with appropriate comments relative to key activities. This information will feed into the Budget Workshops proposed as part of the revised Budget strategy timetabled for the end of September.
- 9.2 A further report identifying the six month position will be submitted to the Cabinet in November 2009.

10. **CONSULTEES**

CMT

11. **BACKGROUND PAPERS**

Council 25<sup>th</sup> February 2009 C.80