

Report to: Budget Panel

Date of Meeting: 20 July 2010

Report of: Head of Finance – Shared Services

Title: Budget Monitoring ~ 2010/11
Month 3

1. SUMMARY

- 1.1. This report provides an update of the latest Revenue and Capital Budget forecast outturn for 2010/11 as at 30 June 2010 and includes the Finance Digest in Appendix A.

2. RECOMMENDATIONS

- 2.1 That Budget Panel considers the revenue and capital forecast for 2010/11 outturn as at 30 June 2010.

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Report approved by: Head of Strategic Finance

3. GENERAL FUND REVENUE EXPENDITURE

- 3.1 The forecast outturn net expenditure for 2010/11 as at 30 June 2010 is predicted to be £16,186,000 with no variations to original budget having been identified at this stage.
- 3.2 As part of the shared services implementation, new budget monitoring arrangements have been introduced for Heads of Services in 2010/11. These covered the administrative arrangements for virements and changes to forecast outturn, the processes for change approval and the procedure for delegation. Following consultation with Service Heads and the agreement of the Leadership Team, these arrangements came into force in June although were not in fully operation for this Period.
- 3.3 Detailed budget monitoring will be completed in the next period. The impact of the 2009/10 Outturn will be included by Heads of Services in Period 4 budget monitoring. For revenue and capital outturn, there are no changes currently reported by service heads for the year to date. The 2009/10 Outturn was £158k less than Original Budget and, if past trends continue, ongoing savings are expected in 2010/2011.
- 3.4 The Head of Strategic Finance has reviewed the Medium Term Financial Plan at macro level. The table below indicates the potential effect on outturn.

	£'000
Investment Interest	100
Commercial Rents	50
Commercial Development (Woolworths)	187
Accommodation	20
Utilities Contingency	(80)
Procurement Savings (Additional)	(34)
Sub Total	potential overspend 243

- 3.5 These variations have yet to feed through into the monthly monitor but it is likely that they will materialise during the year. What is not known at this stage is whether any variations will occur across all cost centres (and whether the past trend on under spending will occur). The potential overspend can be reduced by £130k if the Council decided not to allocate the provision for new initiatives set aside in the budget. Nothing has been committed at this stage.
- 3.6 The Income and Expenditure Account is detailed at Table 1 to the Finance Digest with key risk and performance data on subsequent pages.

4. CAPITAL

4.1 The Capital Investment Programme is shown in the Finance Digest at B1. This shows the original budget agreed in February of £13.700m together with rephasing from 2009/10. The capital programme to be completed in 2010/11 is £18.566m and this includes rephasing of £4.866m. Appendix 2 to the Finance Digest shows the capital investment schemes. The position is summarised as follows:

	2010/11 Budget £000's	2010/11 Forecast Outturn £000's	2010/11 Forecast Variance £000's
Spend			
General Fund Spend	12,953	16,303	3,350
Section 106 Schemes	747	2,263	1,516
Total	13,700	18,566	4,866
Funding			
Grants and Contributions	263	330	67
Revenue	0	0	0
Capital Receipts	11,949	15,232	3,283
Section 106 Schemes	1,088	2,604	1,516
Reserves	400	400	0
Total	13,700	18,566	4,866

5. Performance Indicators

- 5.1 The Digest includes performance indicators other than those of a strictly financial nature to provide a rounded picture of how the Council is performing. Some of them clearly do have an impact upon the finances of the Council so, for example, if the number of households in temporary accommodation were to increase dramatically, then expenditure within the Housing Strategy area would be likely to increase.

6. CONCLUSIONS

- 6.1 There are no changes reported in this period to the original budget for 2010/11, other than rephrasing from the 2009/10 capital programme. The prediction of outturn forecasts in the early part of the new financial year when spending and income patterns are not clearly established has its difficulties. Informed judgments will follow from period 4.
- 6.2 New budget monitoring arrangements are in place for 2010/11. These changes follow implementation of shared service for Finance and will be further embedded from Period 4. The Council is no longer supported by an Interim Head of Finance and external professional accounting support. Finance transition ended with the completion of the Financial Statements for 2009/10 and their approval by the Audit Committee on 30 June 2010. Heads of Service are responsible for all aspects of budget monitoring, investigation, variance analysis, changes to forecasts and request for virements (subject to strict conditions). The Council provided training for Heads of Service and their reports (*Financial Management for Non-Financial Managers*) in the lead-up to the shared service arrangement. Procedures and changes to delegated authority are currently in the approval process.

7 IMPLICATIONS

7.1 Financial

The budget variations reported on are contained throughout the report.

7.2 Legal Issues (Monitoring Officer)

None

7.3. Potential Risks

Budget projections can be volatile and a number of risk areas require monitoring by Heads of Services.

Background papers:

The following background papers were used in the preparation of this report

Budget Setting 2010/11

Financial Management System

Medium Term Financial Plan 2010/11 – 2013/14

If you wish to inspect or take copies of background papers please contact the officer named on the front page of the report.