

Decision Maker: Renewal & Recreation Portfolio Holder

**For Pre-decision scrutiny by the Renewal & Recreation PDS
Committee on 13 December 2011**

Date: 13 December 2011

Decision Type: Non-Urgent Executive Non-Key

Title: BUDGET MONITORING 2011/12

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Chief Officer: Marc Hume, Director of Renewal and Recreation

Ward: Boroughwide

1. Reason for report

This report provides an update of the latest budget monitoring position for 2011/12 for the Renewal and Recreation Portfolio based on expenditure and activity levels up to 31st October 2011. This shows a projected underspend of £181k.

2. **RECOMMENDATION**

The Portfolio Holder is requested to endorse the latest 2011/12 budget projection for the Renewal & Recreation Portfolio.

Corporate Policy

1. Policy Status: Existing policy. Sound financial management
 2. BBB Priority: Excellent Council.
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Financial

1. Cost of proposal: N/A
 2. Ongoing costs: Recurring cost.
 3. Budget head/performance centre: All Renewal and Recreation Portfolio Budgets
 4. Total current budget for this head: £19.4m
 5. Source of funding: Existing revenue budgets
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Staff

1. Number of staff (current and additional): 325
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: Statutory requirement. The statutory duties relating to financial reporting are covered within the Local Government Act 1972; the Local Government Finance Act 1998; the Accounts and Audit Regulations 1996; the Local Government Act 2000 and the Local Government Act 2002
 2. Call-in: Call-in is applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): The services covered in this report affect all Council Taxpayers, Business Ratepayers, those who owe general income to the Council, all staff, Members and Pensioners.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 The 2011/12 projected outturn is detailed in Appendix 1, with a forecast of projected spend for each division compared to the latest approved budget and identifies in full the reason for any variances.
- 3.2 Costs attributable to individual services have been classified as “controllable” and “non-controllable” in Appendix 1. Budget holders have full responsibility for those budgets classified as “controllable” as any variations relate to those factors over which the budget holder has, in general, direct control. “Non-controllable” budgets are those which are managed outside of individual budget holder’s service and, as such, cannot be directly influenced by the budget holder in the shorter term. These include, for example, building maintenance costs and property rents which are managed by the Property Division but are allocated within individual departmental/portfolio budgets to reflect the full cost of the service. As such, any variations arising are shown as “non-controllable” within services but “controllable” within the Resources Portfolio. Other examples include cross departmental recharges and capital financing costs. This approach, which is reflected in financial monitoring reports to budget holders, should ensure clearer accountability by identifying variations within the service that controls financial performance. Members should specifically refer to the “controllable” budget variations relating to portfolios in considering financial performance. These variations will include the costs related to the recession.

4. POLICY IMPLICATIONS

- 4.1 The Resources Portfolio Plan for 2010/11 includes the aim of effective monitoring and control of expenditure within budget and includes the target that each service department will spend within its own budget.
- 4.2 Bromley’s Best Value Performance Plan “Making a Difference” refers to the Council’s intention to remain amongst the lowest Council Tax levels in outer London and the importance of greater focus on priorities.
- 4.3 The four year financial forecast report highlights the financial pressures facing the Council. It remains imperative that strict budgetary control continues to be exercised in 2011/12 to minimise the risk of compounding financial pressures in future years.
- 4.4 Chief Officers and Departmental Heads of Finance are continuing to place emphasis on the need for strict compliance with the Council’s budgetary control and monitoring arrangements.

5. FINANCIAL IMPLICATIONS

- 5.1 The controllable budget for the Renewal and Recreation Portfolio is projected to be underspent by £180k. Some of the major variations are summarised below with more detailed explanations included in Appendix 1.
- 5.2 Reduced activity in building control is continuing due to the on-going effect of the recession. Income is expected to be £201k below budget and is being offset by £201k savings as a result of sustained management action such as holding 3.5fte vacant.
- 5.3 Income for planning applications is below budget and a shortfall of £450k is projected. This is being partly offset by savings from management action including holding the equivalent of 8fte posts vacant. Further savings from part year vacancies and management action within the Recreation service and other areas within the Planning division have offset this variation.
- 5.4 Now that the Field Study Centre is no longer used by recreation, the grant funding for the New Deal (Welfare to Work) scheme has now been reconciled and settled by the Careers Development Group (CDG). A provision of £150k was set aside to meet potential grant repayments due, however CDG have only claimed for a backdated payment of £6k. This has left a balance of the provision £144k together with a surplus of grant of £6k for the current year.
- 5.5 Members should note that this surplus does not need to be paid back. Basically the grant paid is based on the number of successful outcomes in respect of the clients that attended the programme. The amount of grant more than covered the costs incurred by the authority.
- 5.6 A report will be presented to a future Executive meeting, requesting that Members consider using the grant surplus of £150k to set up an earmarked reserve which can be used as a contribution towards the costs of a special project in 2012/13.
- 5.7 Other variations include £58k within libraries and the Town Centre and Business Support sections due to vacancies.
- 5.8 A more detailed explanation of the variances is attached in Appendix 1.
- 5.9 As a result of the Government withdrawing the statutory fee for personal searches in August 2010, the full year effect of the loss of income will be £102k. A request will be submitted to the Executive to draw down part of a specific contingency which was set aside for the likely event of the withdrawal of this statutory fee which currently has a balance of £162k.

Non-Applicable Sections:	Legal, Personnel
Background Documents: (Access via Contact Officer)	2011/12 budget monitoring files within ES finance section