

Decision Maker: Renewal & Recreation Portfolio Holder

For Pre-decision Scrutiny by the Renewal & Recreation PDS Committee

Date: 2nd September 2014

Decision Type: Non-Urgent Executive Non-Key

Title: BUDGET MONITORING 2014/15

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Chief Officer: Marc Hume, Director of Regeneration and Transformation
Nigel Davies, Executive Director of Environment and Community Services

Ward: Boroughwide

1. Reason for report

This report provides an update of the latest budget monitoring position for 2014/15 for the Renewal and Recreation Portfolio based on expenditure and activity levels up to 31st July 2014. This shows a projected overspend of £190k for the total portfolio budget.

It also reports the level of expenditure and progress with the implementation of the selected projects within the Member Priority Initiatives.

2. **RECOMMENDATION(S)**

2.1 The Portfolio Holder is requested to endorse the latest 2014/15 budget projection for the Renewal & Recreation Portfolio.

2.2 Note the progress of the implementation of the Renewal and Recreation projects within the Member Priority Initiatives.

Corporate Policy

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

1. Cost of proposal: Estimated cost N/A
 2. Ongoing costs: Non-recurring cost.
 3. Budget head/performance centre: Renewal & Recreation Portfolio Budgets
 4. Total current budget for this head: £13.6m
 5. Source of funding: Existing revenue budgets 2014/15
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Staff

1. Number of staff (current and additional): 215.75ftes
 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 2014/15 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.

Chief Officer Comments

- 3.3 Overall, the controllable budget for the Renewal and Recreation Portfolio is projected to be overspent by £190k.
- 3.4 As part of the budget setting process for 2014/15 a budget savings target of £150k was included in the culture budget. To date, £90k savings have been identified leaving a balance of £60k. It is intended to identify further savings during the next few months in order to ensure that the culture budget will be balanced from April 2015 onwards.
- 3.5 The full years savings of £300k built into the library budget will not be realized until April 2015 due to two factors; the first is that a detailed consultation has been undertaken during the last few months with both the public and the library staff over options for reducing opening hours and the second is that in order to achieve the reduction in staffing, it is necessary to install the RFID system in the remaining 9 libraries. This installation will not be completed until after October 2014 and therefore only part year savings of £100k will be achieved for 2014/15.
- 3.6 The overspend of £260k within Recreation is partly offset by an underspend of Cr £70k within Planning.

Member Priority Initiatives

- 3.7 Council on 26th March 2012 approved the setting aside of £2.260m in an earmarked reserve for Member Priority Initiatives. The Renewal and Recreation Portfolio is responsible for the delivery of three initiatives as detailed below: -

Member Priority Initiatives

	Original Allocation £'000	Adjustment £'000	Revised Allocation £'000
Investing in small shopping parades	250	0	250
Beckenham Town Centre public realm improvements	250	-150	100
Support tackling youth unemployment amongst young people	500	-260	240
	1,000	-410	590

3.8 £150k of the sum for Beckenham Town Centre has been set aside to match fund the capital scheme and £260k of the tackling youth unemployment project has been transferred to the Phase 2 project which will be delivered by the Bromley Education Business Partnership.

4. POLICY IMPLICATIONS

4.1 The Resources Portfolio Plan for 2014/15 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 2014/15 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 Both the overall budget and the controllable budget for the Renewal and Recreation Portfolio is projected to be overspent by £190k based on financial information available as at 31st July 2014. Some of the major variations are summarised below with more detailed explanations included in Appendix 1.

5.2 Surplus of income of £120k from non-major applications is projected as activity has increased. This is offsetting a shortfall of income of £120k from major applications. A surplus of income of Cr £40k is projected from pre-application meetings, again due to an increase in activity.

5.3 To date, only £90k of the £150k budget savings have been achieved within culture, which has meant that an overspend of £60k is projected. Further savings are expected to be identified to enable a balanced budget to be set from April 2015.

5.4 As a detailed consultation was carried out with the public and library staff during the last few months, and the fact that the Radio Frequency Identification Data system (RFID) has yet to be installed in the remaining 9 libraries, the savings target of £300k will not be met during this financial year. It is estimated that £100k part year saving will be realized and that the full £300k will be achieved from April 2015.

5.5 Other variations include a net underspend for salaries within Renewal and a minor underspend within the non-chargeable service for Building Control.

5.5 The table below summarises the main variances: -

Summary of Major Variations	£'000
Income from non-major planning applications	Cr 120
Income deficit from major applications	120
Surplus income from pre-application meetings	Cr 40
Underachievement of budget savings within culture	60
Underachievement of budget savings within library service	200
Other minor underspends within Renewal and Building Control	Cr 30
	<u>190</u>

5.6 Appendix 2 shows that £503k has been spent or committed out of the £590k set aside for the three projects within the Member Priority Initiatives. A further £82k is expected to be spent in 2014/15 and 2015/16. It also has comments on the progress of each of the schemes.

Non-Applicable Sections:	Legal, Personnel
Background Documents: (Access via Contact Officer)	2014/15 budget monitoring files within ES/R & R finance section