

PART 1 - PUBLIC

Decision Maker: Renewal & Recreation Portfolio Holder

**For Pre-decision scrutiny by the Renewal & Recreation PDS
Committee on 15 February 2011**

Date: 15 February 2011

Decision Type: Non-Urgent Executive Non-Key

Title: BUDGET MONITORING REPORT 2010/11

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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 2010/11 for the Renewal and Recreation Portfolio based on expenditure and activity levels up to December 2010. This shows a projected underspend of £134k.

2. **RECOMMENDATION(S)**

That the Portfolio Holder: -

2.1 Endorses the latest budget projection for the Renewal and 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: £16.5m
 5. Source of funding: Existing revenue budgets
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Staff

1. Number of staff (current and additional): 335fte
 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 2010/11 projected outturn is detailed in Appendix 1, with a forecast of projected spend for each Division compared to 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.
- 3.3 The controllable budget for the Renewal and Recreation Portfolio is expected to be balanced at the year end.

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 2010/11 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 expected to be underspent by £127k by the year end, with some major variances within some of the areas.
- 5.2 Reduced activity within Building Control is continuing due to the on-going effect of the recession. Income is expected to be £119k below budget and is offset by £151k savings as a result of management action such as holding 4.45ftes vacant.
- 5.3 Planning applications continue to reduce, leading to a shortfall of income of £320k. This is also being offset by reduced spending following management action. 3.04ftes are being held vacant and all non-essential spend is being frozen in order to reduce the shortfall of income.

- 5.4 There is also a further underspend of £53k against the Portfolio Holder Initiative budget for which a request will be made to the Executive to carry forward to 2011/12 to fund some specific town centre events which is subject to a separate report elsewhere on this agenda.
- 5.5 Despite meeting the £340k savings target that was built into the libraries budget, staffing is expected to be £210k overspent. This is mainly down to the staff turnover budget not being met as there are no vacant posts. A summary of the library budget variations are shown in the table below: -

<u>Summary of Library variations at 30 September 2010</u>	Variation £'000
Variation in staffing	210
Devaluation of business rates	(141)
Savings in running expenses through management action	(79)
Shortfall of income	50
Savings in book fund	(70)
Net variation	<u><u>(30)</u></u>

Non-Applicable Sections:	Legal , Personnel
Background Documents: (Access via Contact Officer)	2010/11 budget monitoring files within ES/R & R finance sections