

PART 1 - PUBLIC

Decision Maker: Executive

Date: 20 July 2011

Decision Type: Non-Urgent Executive Key

Title: BUDGET MONITORING 2011/12

Contact Officer: Lesley Moore, Deputy Finance Director,
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Chief Officer: Mark Bowen, Director of Resources

Ward: Borough Wide

1. Reason for report

This report provides the first budget monitoring position for 2011/12 primarily based on any overspends/under spends in 2010/11 that follow through into 2011/12 where no additional funding has been set aside in the 2011/12 budget. The report also highlights any significant variations arising in this financial year based on activity up to May 2011.

2. **RECOMMENDATION(S)**

- 2.1 Note that a projected overspend of £475,000 is forecast on the first Budget Monitoring report for 2011/12 based on information as at May 2011.
- 2.2 Agree the carry forward requests totalling £50,000 included in Appendix 2.
- 2.3 Note the creation of an earmarked reserve for severance costs as approved by the Executive in February 2011 and detailed in paragraph 3.10

Corporate Policy

1. Policy Status: Existing policy.
 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: Council wide
 4. Total current budget for this head: £246m
 5. Source of funding: See Appendix 1 for overall funding of Council's budget
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Staff

1. Number of staff (current and additional): 6,845 (per 2011/12 FCB), which includes 4,425 for delegated schools.
 2. If from existing staff resources, number of staff hours:
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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 2011/12 budget reflects the financial impact of the Council's strategies, service plans etc. which impact on all of the Council's customers (including council tax payers) and users of the services.
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Ward Councillor Views

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

3. Budget Monitoring 2011/12

3.1 The table below provides a breakdown of the 2011/12 budget and projected spend as at end of May 2011:-

	2011/12 Original Budget £'000	2011/12 Latest Budget £'000	2011/12 Projected Outturn £'000	2011/12 Variation £'000
Adult & Community Services	96,371	101,921	101,981	60
Children & Young People	48,078	66,988	67,388	400
Renewal & Recreation	19,087	19,560	19,560	0
Environmental Services	37,855	43,464	43,464	0
Public Protection Resources	3,721 9,818	3,721 10,627	3,721 10,642	 15
	<u>214,930</u>	<u>246,281</u>	<u>246,756</u>	<u>475</u>

3.2 A detailed breakdown of the Latest Approved Budgets and Projected Outturn across each Portfolio is shown in Appendix 1.

Children & Young People

3.3 The Children & Young People Portfolio is currently projecting an overspend of £400,000. This is caused by two areas of pressure. The main area is in the Children's Disability Team. Three recent unbudgeted high cost placements of children to emergency/short term accommodation have resulted in a projected overspending of £300,000.

The remaining overspending of £100,000 is projected in Children's Social Care. The majority of this is due to the use of locum social workers to cover vacant frontline social worker posts. The department has targets for reducing the dependency on Locums. These are currently being exceeded and as a consequence fewer Locums are being employed as anticipated. However usage of Locums remains and continuing efforts are being made to drive their use down further with recruitment and retention of permanent social workers.

Management action will be taken to reduce the overspending down to a neutral position

Adult & Community Services

3.4 There has been a marked increase in the number of households presenting with housing needs, particularly those faced with imminent homelessness. This is mainly due to rent or mortgage arrears or the loss of private rented sector accommodation. There has been an increase of 16% in numbers for temporary accommodation and 29% for B&B placements since December 2010.

The number of properties available for temporary and bed and breakfast accommodation has reduced and there is greater competition between other London boroughs for available units. As a result there is an increase in the use of more expensive nightly paid accommodation and increasing demand for accommodation, meaning that additional cost pressures of around £60,000 are currently being projected.

Officers continue to focus on preventing homelessness and diversion to alternative housing options and a number of initiatives are in place or proposed to contain the projected overspend. Budgets will be monitored closely during the year and further updates reported.

Carry forwards from 2010/11 to 2011/12

- 3.5 The Executive on the 6th April 2011 approved carry forwards for the Renewal & Recreation Portfolio relating to Town Centre Events for £53,000 and the Local Development Framework £100,000.
- 3.6 The Executive on the 22 June 2011 approved the carry forward of £748,000 for Repairs & Maintenance projects across departments. At the same meeting the Executive approved all carry forwards where grant would have to be repaid but asked that carry forward requests funded from revenue or where grant would not have to be repaid, this related to Chief Executives and Adult & Community Services, officers liaise with their Portfolio Holder to approve the carry forward requests prior to any final approval by the Executive.
- 3.7 The carry forward requests that have now been agreed by the Portfolio Holders are shown on Appendix 2. The only change since the last Executive is that Connecting Communities grant has been reduced down from £83,000 to £63,000 as agreed with the Resources Portfolio Holder. The area within this grant that the Portfolio Holder has not supported relates to website development work, where work had not yet started.

Early Warning

- 3.8 A sum of £162,000 has been set aside in the 2011/12 Central Contingency for potential loss of income relating to changes in regulations around Land Charges and Building Control within the Renewal & Recreation Portfolio.
- 3.9 The Government withdrew the statutory fee allowed to be charged for personal searches which has resulted in a full year effect of loss of income of £112,000 in the Land Charges budget. It has been assumed in this first monitoring report that this loss of income will be met from the central contingency unless alternative savings can be identified. This will be covered in more detail in the next full budget monitoring report.

Severance Fund

- 3.10 Executive on the 14th February 2011 and subsequently Council agreed a sum of £3.5m be set aside from balances for funding severance costs in 2011/12 with further potential estimated requirements of £2m in 2012/13, to enable the achievement of revenue savings totalling £22m in 2011/12 and £33m in 2012/13.

Non-Applicable Sections:	Legal, Personnel, Customer Impact
Background Documents:	2011/12 Budget Monitoring files within Adult & Community Services Finance Section

(Access via Contact Officer)	
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