

# London Borough of Barking and Dagenham

## Notice of Meeting

### THE EXECUTIVE

**Tuesday, 25 March 2008 - 7:00 pm**  
**Council Chamber, Civic Centre, Dagenham**

**Members:** Councillor C J Fairbrass (Chair); Councillor L A Smith (Deputy Chair); Councillor J L Alexander, Councillor G J Bramley, Councillor H J Collins, Councillor S Kallar, Councillor R C Little, Councillor M A McCarthy, Councillor M E McKenzie and Councillor Mrs V Rush

17 March 2008

R. A. Whiteman  
Chief Executive

Contact Officer: Pat Brown  
Tel. 020 8227 3271  
Fax: 020 8227 2171  
Minicom: 020 8227 2685  
E-mail: pat.brown@lbbd.gov.uk

### AGENDA

1. **Apologies for Absence**
2. **Declaration of Members' Interests**  
  
In accordance with the Council's Constitution, Members are asked to declare any personal or prejudicial interest they may have in any matter which is to be considered at this meeting.
3. **Minutes - To confirm as correct the minutes of the meeting held on 11 March 2008 (Pages 1 - 2)**
4. **Budget Monitoring Report January 2007/2008 (Pages 3 - 19)**
5. **Any other public items which the Chair decides are urgent**
6. **To consider whether it would be appropriate to pass a resolution to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted.**

## **Private Business**

The public and press have a legal right to attend Council meetings such as the Executive, except where business is confidential or certain other sensitive information is to be discussed. The list below shows why items are in the private part of the agenda, with reference to the relevant legislation (the relevant paragraph of Part 1 of Schedule 12A of the Local Government Act 1972 as amended).

- 7. Pre Tender: Term Contract for Asbestos Analysis and Surveying Services in Non Domestic Properties - 2008 to 2012 (Pages 21 - 26)**
- 8. Building Schools for the Future (BSF) Outline Business Case (to follow)**
- 9. Any other confidential or exempt items which the Chair decides are urgent**

## THE EXECUTIVE

Tuesday, 11 March 2008  
(7:00 - 7:17 pm)

**Present:** Councillor C J Fairbrass (Chair), Councillor J L Alexander, Councillor S Kallar, Councillor M A McCarthy and Councillor Mrs V Rush

**Apologies:** Councillor L A Smith, Councillor G J Bramley, Councillor H J Collins, Councillor R C Little and Councillor M E McKenzie

### 135. Declaration of Members' Interests

There were no declarations of interest.

### 136. Minutes (4 March 2008)

**Agreed.**

### 137. Council Calendar of Meetings 2008/2009

Received a report from the Corporate Director of Resources seeking approval as to the basis of the Council's calendar of meetings for the forthcoming Municipal Year 2008/09.

**Agreed**, in accordance with the Council's Constitution, to:

- (i) The proposed changes to the basis of the draft Calendar for 2008/09 as detailed in the report, subject to minor amendments; and
- (ii) Note that any subsequent decisions changing the structure of meetings in relation to Community Housing Partnership and Development Control Board will be incorporated into the Diary and agreed by Assembly.

### 138. Local Government Pension Scheme - Triennial Actuarial Valuation

Received a report from the Corporate Director of Resources on the triennial valuation carried out by the actuary for the Barking and Dagenham Local Government Pension Scheme.

**Agreed**, in accordance with the Local Government Pension Scheme Regulations 1997 as amended, to:

- (i) Note the contents of the report, which summarises the 2007 actuarial valuation;
- (ii) The recommendations that the actuary has made in respect of future employer contributions; and
- (iii) Note the need for the fund to consider future liabilities.

### **139. Local Government Pension Scheme - Funding Strategy Statement**

Received a report from the Corporate Director of Resources on requirements under the Local Government Pension Scheme (England and Wales) (Amendment) Regulations 2004, to approve a Funding Strategy Statement by 31 March 2008.

**Agreed**, in order to meet statutory requirements in respect of the Council's Pension Scheme, to adopt the Funding Strategy Statement for 2008/09 to 2010/11 as appended to the report.

### **140. Local Development Framework - Submission of Revised Local Development Scheme**

Received a report from the Corporate Director of Regeneration setting out revisions to the Council's Local Development Scheme prior to its submission to the Secretary of State via the Government Office for London for approval.

**Agreed**, in order to assist the Council to achieve all of its Community Priorities, to:

- (i) The revisions to the Local Development Scheme as summarised in the report, for submission to the Secretary of State via the Government Office for London;
- (ii) The Local Development Scheme having effect four weeks after submission to the Secretary of State, provided the Secretary of State does not propose to issue a call-in direction; and
- (iii) The Corporate Director of Regeneration making any factual or minor changes to the approved Local Development Scheme if so directed by the Secretary of State via the Government Office for London.

## THE EXECUTIVE

25 MARCH 2008

## REPORT OF THE CORPORATE DIRECTOR OF RESOURCES

<b>Title: Budget Monitoring Report January 2007/2008</b>	<b>For Decision</b>
<p><b>Summary:</b></p> <p>The report updates the Executive on the Council's revenue and capital position from the beginning of April to the end of January 2008.</p> <p>The position for revenue expenditure at the end of January 2008 highlights various pressures across Council departments totalling £1.05m. This position has reduced significantly from the December position (£1.7m) due to the various departmental action plans in place. In summary the £1m pressure can be identified as £0.7m within the Children's Services department and £0.3m within the other departments. These remaining pressures need to continue to be addressed as part of the Council's ongoing budget monitoring process, and Directors have instigated action plans to ensure these are fully addressed by the year end. The overall position will continue to be closely monitored and the position will be regularly reported to both the Resource Monitoring Panels and the Executive.</p> <p>For the Housing Revenue Account, whilst pressures exist around housing subsidy, income from rents and repairs and maintenance costs, it is projected that a small overspend of £75k will arise for 2007/08 which will be need to come from its balances for the financial year.</p> <p>In regard to the Capital programme, the current working budget is £63.3m. Directors have been and are continuing to review the delivery of individual capital schemes to ensure maximum spend is achieved by the year end.</p> <p><b>Wards Affected:</b> This is a regular budget monitoring report of the Council's resource position and applies to all wards.</p>	
<p><b>Recommendations</b></p> <p>The Executive is asked to:</p> <ul style="list-style-type: none"> <li>(i) Note the current position of the Council's revenue and capital budget as at 31 January 2008 (Appendix A and C and Sections 3 and 5 of the report);</li> <li>(ii) Note the position and projected out-turn for the Housing Revenue Account (Section 4 and Appendix B of the report);</li> <li>(iii) Ensure that Corporate Directors continue with their current action plans to address projected overspends on departmental budgets to ensure full delivery of a balanced budget for their department by the end of the financial year.</li> </ul>	
<p><b>Reason (s)</b></p> <p>As a matter of good financial practise, the Executive should be regularly updated with the position on the Council's budget.</p>	

**Implications:****Financial:**

The overall revenue budget is indicating budget pressures in several areas, however, Directors are working to implement the necessary action plans to fully alleviate these pressures. The working capital programme is now reported at £63.3 million.

**Legal:**

There are no legal implications regarding this report.

**Risk Management:**

The risk to the Council is that budgets are overspent and that this reduces the Council's overall resource position. Where there is an indication that a budget may overspend by the year end the relevant Director will be required to review the Departmental budget position to achieve a balanced position by the year end. This may involve the need to produce a formal action plan to ensure delivery of this position for approval and monitoring by the Resource Monitoring Panel and the Executive.

Similarly, if there are underspends this may mean a lower level of service or capital investment not being fully delivered. Specific procedures and sanctions are in place through the Resource Monitoring Panels, Enterprise Programme Office (EPO), Corporate Management Team and the Executive.

**Social Inclusion and Diversity:**

As this report does not concern a new or revised policy there are no specific adverse impacts insofar as this report is concerned.

**Crime and Disorder:**

There are no specific implications insofar as this report is concerned.

**Options Appraisal:**

There are no specific implications insofar as this report is concerned.

<b>Contact Officer</b> Joe Chesterton	<b>Title:</b> Divisional Director - Corporate Finance	<b>Contact Details:</b> Tel:020 8227 2932 E-mail: joe.chesterton@lbbd.gov.uk
Lee Russell	Group Manager, Accounting & Budgeting	Tel: 020 8227 2966 E-mail: lee.russell@lbbd.gov.uk

**1. Introduction and Background**

- 1.1 It is important that the Council regularly monitors its revenue and capital budgets to ensure good financial management. It is now practise within the Council for this monitoring to occur on a regular monthly basis, which helps members to be constantly updated on the Council's overall financial position and to enable the Executive to make relevant decisions as necessary on the direction of both the revenue and capital budgets.
- 1.2 The report is based upon the core information contained in the Oracle general ledger system supplemented by detailed examinations of budgets between the budget holders and the relevant Finance teams to take account of commitments and projected end of year positions. In addition, for capital monitoring there is the extensive work carried out by the Capital Programme Management Office (CPMO).

- 1.3 The monthly Resource Monitoring Panels, chaired by the lead member for finance, and attended by Directors and Heads of Service, monitors the detail of individual department's revenue and capital budgets alongside relevant performance data and this also enhances and forms the basis of this report.

## **2. Current Position**

### **2.1 Overview for Revenue Budget**

- 2.1.1 At the end of January 2008 there remain various pressures across various Council departments which total £1.05m. This position has reduced significantly from the December position (£1.7m) due to the relevant departmental action plans in place. These remaining pressures will need to be managed and addressed as part of the Council's ongoing budget monitoring process and all departments are currently implementing a range of action plans to reduce these cost pressures. The overall position will continue to be closely monitored to ensure the full reduction in these pressures, and the position will be regularly reported to both the Resource Monitoring panels and the Executive.

## **3. Service Position**

### **3.1 General**

- 3.1.1 Details of each Department's current financial position are provided in Section 3 of this report and are summarised in Appendix A.
- 3.1.2 At the Executive meeting on 12 June 2007, Members approved a small number of roll forwards from 2006/07 for the revenue budget amounting to £290k (2006/07 £1.65 million) to be added to the relevant Departmental budgets for 2007/08.

It is important to remind Members that Directors need to use these funds to deliver the relevant services associated with the agreed roll forwards and that the appropriate work is undertaken to ensure delivery of full spend by the year end. In addition, consideration by Directors on the use of these roll forwards will need to be made where Departments are currently indicating pressures in their budgets.

### **3.2 Adults and Community Services Department**

- 3.2.1 The Adult and Community Services budget position, after ten months of the financial year, has shown a further improvement from the December position. The current projection now indicates a balanced budget by the year end.
- 3.2.2 The Department's Management Team remain committed to maintaining a sound financial base, dealing with current overspend areas, and ensuring the departmental budget in on target for the current year. Value for money considerations are paramount within Adult and Community Services.
- 3.2.3 **Adult Care Services**  
This area relates primarily to Older Persons Residential and Home Care services that are run by the Council. The budget is approximately £10m, and

includes three residential homes for Older Persons, one residential home for Learning Disability clients, and two day centres for Learning Disability clients. Previous budget pressures relating to the delivery of the Older Persons Modernisation savings, in both residential and Home Care services, have primarily been dealt with, however some ongoing pressure areas still exist.

#### **3.2.4 Adult Commissioning Services**

These services represent Social Work/Care Management budgets in the department, together with services commissioned from the Independent and Private Sector. Service areas include Older Persons, Physical Disability, Learning Disability and Mental Health. The department has set itself some challenging targets in this area around procurement and commissioning gains/savings. Whilst current expenditure at the end of December is still slightly above the budget for this stage of the year, action plans are in place to reduce spend and bring the 2007/08 budget in on target by the year end.

Interface issues with the local Hospitals and the PCT regarding delayed transfers of care are always volatile, but work is ongoing to ensure these areas are actively managed. Efficiencies are expected from the full year effect of reviewing the Fair Access to Care Criteria (FACS).

The Executive will recall the pressures in 2006/07 regarding external care packages in this area, however, it is envisaged that the FACS review, robust monitoring and gate-keeping will mitigate these issues in 2007/8.

#### **3.2.5 Community Safety and Preventive Services**

This service area covers CCTV, Community Safety & Parks Police, Substance Misuse, and the Youth Offending Team of which the overall net budget is in the region of £2m. Pressures currently exist within the Parks Police and external security service. In addition substance misuse budgets are also under pressure, and the department has recently received notifications of reductions in Community Safety Grants, in particular Drugs Grants. Negotiations are ongoing with partners for additional funding to offset these reductions.

#### **3.2.6 Community Services and Libraries**

This service area covers Heritage and Libraries, the Lifelong Learning Centre, Community Development & Halls, Equalities & Diversity and the Neighbourhood Management Service. The net budgets of these services are in the region of £7m. Pressures currently exist in relation to the decision not to site the one-stop-shop/library at the Heathway, which will result indirectly in budget shortfalls in the Library's service, which together with employee costs and PFI & service charge costs at the Castle Green site could result in a £372k shortfall in the Libraries budgets. These issues are being addressed as part of the departmental action plan to deliver against the set budget.

#### **3.2.7 Other Services, Central Budgets, Recharges, and Government Grants**

The Adult and Community Services Department receive specific government grants, and incur recharges for departmental and divisional support. All specific grants will be used in support of the existing service areas as outlined above. An underspend is currently forecasted in this area which will be used to fully support the overall departmental position.



3.2.8 The department is continuing to work to implement a range of action plans to further address some of these pressures. In particular this includes working with partners to seek funding to contribute to these pressures. The overall departmental position will continue to be closely monitored by the Director and her Management Team to ensure the full reduction in these pressures, and the position will be regularly reported to both the Resource Monitoring panels and the Executive.

### **3.3 Children's Services Department**

3.3.1 The Children's Service projected overspend position at the end of January has decreased by £280k from £1m reported in December. This reduction has come about with a steady position on children's placements offset by additional grant income from the Primary Care Trust.

3.3.2 The remaining reasons for the outstanding pressures include the non-delivery of some of the £1.4m approved savings for 2007/8, as well as financial pressures related to care leavers, multi-occupation buildings and PFI funded projects.

#### **3.3.3 Safeguarding and Rights**

The pressures reported earlier in the financial year on the Children's placements, and for Children leaving care budgets, were being partly alleviated by the approval of in-year budget adjustment of £3.5m.

The service is implementing an action plan to address the position for the future which covers issues on fostering, prevention and commissioning. Whilst these actions will reduce expenditure it is clear that the base budget position for children's placements for 2008/09 will need to be a key consideration as part of the 2008/09 budget process.

Overall there still remains pressure in the service due to the numbers of Children in out-borough placements, and care leavers which are required to still be looked after as they are still in Education settings.

#### **3.3.4 Schools Budgets**

At this stage it is not envisaged there will be any significant financial pressures in regard to the individual schools budgets, and this is supported in that no school reported any significant deficit for the 2006/7 financial year.

#### **3.3.5 Quality and Schools Improvement**

This service area includes the Westbury Centre and Special Education Needs (SEN) Budgets. These budgets (approx £14m net), although projecting to break even at present, are very demand led and can be potentially problematic. Particularly close monitoring and controls are in place around SEN budgets.

#### **3.3.6 Shared Services and Engagement**

The Shared Services and Engagement budget covers areas involving early years, children's centres and childcare and extended schools. Although the net budget is only £1.6m the gross budget is in the region of £8 million,

having benefited from significant government grants. No significant budget pressures are occurring presently, although the increased cost of subsidising Nursery places will continue to be kept under review.

### **3.3.7 Pupil and Family Support**

This service area covers Admissions and Attendance, Youth Services and other pupil and family support. The net budget is in the region of £3.5m. Currently pressures are occurring in the order of £250k regarding saving commitments made for 2007/8 in the admissions area and Youth Service which are not being delivered.

### **3.3.8 Policy and Trust Commissioning, and Other Services**

These budget areas relate to the central and support services for the Department, as well as pooled grants, and total just over £24m. Currently there are pressures on accommodation/buildings based budgets – including some multi-occupation sites, together with pressures to deliver savings commitments around commissioning. Where possible, revenue grants are being utilised to assist with the department's current budget pressures.

3.3.9 In order to reduce the remaining pressures on its budget, the department is continuing to work to identify and implement a range of action plans to address some of these pressures. The overall departmental position will therefore continue to be closely monitored to ensure the full reduction in these pressures, and the position will be regularly reported to both the Resource Monitoring panels and the Executive.

## **3.4 Customer Services Department**

3.4.1 The department is now anticipating a small underspend by the year end against its overall budget. This forecasted variance represents a further reduction from the position reported at the end of December, with the main reason for the reduction due to holding vacant posts and reduced spending in Environmental Health and Trading Standards.

The main reasons for pressures in this department are:

- Recurring overspends from existing pressures;
- Reduction in levels of income for vehicle maintenance and fleet management, and increased repair costs due to age of existing fleet;
- Income in Trade Waste Service is currently below budget requirement;
- Potential risks to new savings option for 2007/08.

Specific general management actions undertaken to contain these pressures include holding vacant posts, tight controls on agency recruitment and supplies and services spend, reduction in levels of overtime, a review of improvement work in the Fleet service and a review of the recovery of outstanding debt.

### **3.4.2 Environmental and Enforcement Services**

An overall projected pressure of £581k is identified within the Environmental and Enforcement Service. The main pressures include: potential recurring overspends on employee costs in the Refuse, Cleansing and Highways

services, loss of income within the Refuse service as a result of delays in the implementation of charging for bulky waste, loss of income within the Vehicle fleet as a result of reductions in usage, reduction in income at Frizlands Depot as a result of reductions in the usage of the depot facilities (particularly from Shanks Waste PLC) and increased maintenance costs and off road time of vehicles owned by the Council due to the age of the fleet.

Some of these pressures are being off-set by staff vacancies, and specific action plans include reviewing and reducing overtime and agency costs and delivering business improvement work within the vehicle fleet.

The service has joined the APSE (Association of Public Sector Excellence) benchmarking club for refuse and street cleansing and is currently looking at visiting beacon Councils with similar demographics to Barking and Dagenham to replicate best practice. The VFM objectives for 2007/08 have included driving out efficiencies within the service, reinvesting in service priorities and maximising income and grants. To assist with this process, the service is undertaking a detailed benchmarking exercise of the whole service against a similar council.

### **3.4.3 Housing Services**

An underspend of £72k exists for this service mainly in relation to the recovery of outstanding debt. A review of temporary accommodation has resulted in the validation of the recovery of a number of outstanding debts in this area, and further work on outstanding debt in relation to Private Sector leased properties is ongoing which may further increase the underspend.

The Value for Money objectives for 2007/08 have included building on maximising income and analysing the costs of services through benchmarking. The service has also identified/visited best practice authorities and has used this learning to inform new methods of working.

### **3.4.4 Barking & Dagenham Direct**

The division is currently projecting an underspend of £457k.

The main reason for the underspend is as a result of the additional recovery of overpaid housing benefit within the Revenues & Benefits service which has arisen through the implementation of the Academy system. To improve the Revenues & Benefits service throughout 2007/08, the service has reduced the number of agency staff employed and has developed a new entrants programme to encourage local people to work for the council. In addition, sickness levels have reduced year on year as a result of better management. In terms of ensuring the service achieves VFM, the service has been working with all Revenues and Benefits benchmarking clubs for a number of years and actively participates in the London and National Benefits, Rents, Council Tax, Cashiers, Business Rates and General Income Benchmarking groups. The VFM objectives for 2007/08 have included delivering the Medium Term Financial strategy that relates to the service and ensuring that VFM is achieved by managing out the need for agency staff.

In terms of the Emergency Out of Hours service, the Registration Service, the Contact Centre and the One stop shops, the overall position for these service is a projected underspend of £77k. The main reason for this underspend is due to increased income levels in the Registration service and a number of vacant posts within the Contact Centre.

The overall net underspend in the Barking & Dagenham Direct service will be used to support and off-set overspends elsewhere in the department.

#### **3.4.5 Customer Strategy**

The overall position for Customer Strategy is a projected underspend of £73k. The service has used information from their benchmarking club to inform how they compare with similar authorities and build relationships with other authorities in order to share best practice. A significant objective for 2007/08 includes significant savings through better ways of working and the implementation of new technology to reduce the number of customer service officers required.

3.4.6 Regular monitoring meetings are occurring within the department, and within the management team, to deal fully with the outstanding pressure areas.

### **3.5 Regeneration Department**

3.5.1 The department, at the end of January, is experiencing pressures in 2007/08 amounting to approximately £348k, which reflects an increase since last month. In particular, pressures continue to exist around recurring overspends arising from 2006/07, such as additional employee costs and shortfall in income, as well as potential risks in delivering the approved savings options for 2007/08.

Management actions including holding posts vacant and tight controls on agency recruitment and supplies and services spend remain in place, and are continuing to reduce the overspend position.

#### **3.5.2 Housing Strategy**

At this stage it is forecasted that current vacancies will produce an underspend of £20k.

#### **3.5.3 Spatial Regeneration**

At this stage it is forecasted that current vacancies will produce an underspend of £30k

#### **3.5.4 Skills, Learning and Enterprise**

An overall projected pressure of £363k is identified within the Skills, Learning and Enterprise Service. This position has arisen due to an income shortfall of £60k as a result of a change in policy by the Learning Skills Council, a further funding shortfall from the LSC (£70k) and a planned budget saving option to increase income by £25k in the B&D Training Services not being achievable. In addition the Project Trident service, the Lifelong learning team and Building East are all experiencing pressures within their budgets, and further work is being undertaken to examine these issues. Improved VFM will be achieved within the service by the merger of the Adult College and Barking and Dagenham Training Services as a single business unit. This will achieve efficiencies and savings in terms of contract administration with the Learning & Skills Council, and with general administrative and finance functions.

### **3.5.5 Leisure, Arts and Olympics**

An overall projected pressure of £87k is identified within the Leisure, Arts and Olympics Skills Service. The majority of these pressures relate to the leisure centres (employee costs, security costs and supplies and services) and the nursery services (employee costs and income). Some of these pressures are being offset by both staffing vacancies across the division and additional income within the parks service.

The interim reviews of both the grounds maintenance and leisure centre functions have identified opportunities to improve value for money and to contain costs within budget, and an action plan is currently being prepared.

### **3.5.6 Asset Strategy and Capital Delivery**

The division is reporting a projected overspend of £128k which compares to a forecasted £4k overspend position reported in December.

The reason for this change relates to an estimated reduction in income targets from building cleaning and parking and increased spend on highways maintenance as a result of street lamps column maintenance.

In terms of other outstanding pressures these mainly relate to risks in delivering a number of saving options (including reduced building cleaning, staff changes and loss of income from charges not yet implemented), commercial property income not meeting budget, public conveniences and highway sponsorship income. These pressures are being mitigated by additional income in car parking, reduced spend on land drainage and a number of staff vacancies.

### **3.5.7 Directorate & Support**

Vacancies, and management action not to recruit to vacancies, will produce an estimated underspend of £180k.

## **3.6 Resources Department**

3.6.1 The Department continues to forecast a balanced budget for 2007/08 following the approval and implementation of a detailed action plan by the department's management team. Details of actions taken include holding vacant posts and tight controls on both the use of agency recruitment and supplies and services spend.

### **3.6.2 Democracy and Partnerships**

The main pressure that currently exists within this service relates to the costs of the Software licences for the Geographic Information System (GIS), which will now be funded from underspends elsewhere within the department.

### **3.6.3 Performance and Delivery**

There are currently no immediate issues within these budgets and it is now projected that these will breakeven by the end of the financial year.

### **3.6.4 Strategic Finance and Audit**

There are currently no immediate issues within the Strategic Finance & Audit budget, and as a result of the departmental action plan it is now projected

that the service will underspend by the end of the financial year and this will contribute to the overall departmental position.

#### **3.6.5 Human Resources**

The division is experiencing a particular pressure in relation to the saving proposal to reduce Payroll staffing. As part of the departmental action plan it is now projected that this service will broadly break-even.

#### **3.6.6 ICT & e-Government**

There are currently no immediate issues within these budgets, and as a result of the departmental action plan it is now projected that the service will underspend by the end of the financial year and this will contribute to the overall departmental position.

#### **3.6.7 Legal Services**

As a result of the new Local Land Charges (LLC) regulations introduced on the 1<sup>st</sup> April 2007, the service is currently projecting a budget shortfall in 2007/08 of £155k. This shortfall has arisen due to the requirement that LLC income should not in future exceed the cost of providing the service. In addition the service is also incurring additional costs as a result of the current review being undertaken of the service. As part of the departmental action plan these additional costs will now be funded from underspends elsewhere within the department.

#### **3.6.8 Corporate Finance**

The division continues to have some vacancies, some of which are being occupied by temporary staff. The division has now finished reviewing its staff structure (including its vacant posts) in light of both operational experience over the last 6 months and a number of minor changes that have taken place within the Council wide structure. The division will also be undertaking a major review of its accounting structure during 2008, which when completed will create significant benefits in terms of financial and management information for all staff in the organisation. There are currently no immediate issues within these budgets, and as a result of the departmental action plan it is projected that the service will underspend by the end of the financial year, and this will contribute to the overall departmental position.

#### **3.6.9 Corporate Management and General Finance**

There are currently no immediate issues within these budgets and it is projected that these will breakeven by the end of the financial year.

#### **3.6.10 Interest on Balances**

The current position on interest from investments is that these are performing to the budget target. A significant proportion of the Council's investments continue to be managed by two external investment managers, and the Council's Treasury Management Strategy has set stretching targets for these managers in 2007/08 which are being closely monitored by the Corporate Finance Division. An element of these investments will require the use of investment instruments such as gilts to be used which require tactical trades to be undertaken. Inevitably there are risks and rewards with the use of such investment instruments, and whilst the Council needs to continue to review

the manager's performance it also needs to be aware that these potential risks/rewards do exist.

The position of interest on balances is also affected during the year by both performance and actual spend on the Capital Programme and the delivery of the Council's disposals programme. Any positive position arising in these areas may allow Council balances to increase, whilst at the same time any weakening may lead to reductions.

#### **4. Housing Revenue Account (HRA)**

- 4.1 The HRA is currently projecting a small overspend (i.e. a reduction to balances) of £75k for 2007/08.

In general terms, the increase in the negative subsidy payable to the Government has, and will continue to increase the pressures on the HRA. In addition Right to Buy sales will reduce stock levels which will result in income falling, and the challenge will be to ensure that costs fall in line with the reducing stock. There are also other significant pressures on the HRA including repairs and maintenance spend, premises costs, rising energy prices and reducing Supporting People Grant. In part this may be off-set by improved performance in rent collection and better management of voids.

- 4.2 Specific issues relating to the HRA include:

- Overall income is forecast to overachieve by £1.36m. This is due to a combination of 2007/08 being a 53 week year, thereby allowing the HRA to achieve an additional one week's rental income, and a refund of insurance payments. In addition void levels are reducing which will generate additional income. Right to Buy sales are forecast to be 193 for 2007/08 which, whilst slightly lower than the original forecast, will not significantly alter income to the HRA;
- Supervision and Management budgets are currently forecast to overspend due to increased employee and premises associated costs;
- The Repairs and Maintenance budget is forecast to overspend by £1.57m mainly due to increased demand. The actual spend on repairs and maintenance is constantly under review and actions are being implemented to bring the spend in line with the budget allocation;
- Interest receipts are projected to exceed the original forecast by £315k due to improvements in interest rates during 2007/08.

A summary of the latest position for the HRA for 2007/08 is shown in Appendix B.

#### **5. Capital Programme**

- 5.1 As at the end of January, the working budget on the capital programme was £63.3m against an original budget of £75.1m.
- 5.2 It is vitally important that projects and budgets are subject to robust scrutiny to ensure that timetables and milestones can be adhered to, and that budgets are realistic. As a result, Directors and sponsors, with support from corporate finance and CPMO, have reviewed current spending plans to ensure that they remain accurate.

- 5.3 The end of January marks ten months of the financial year. At this point in time, £36.9m of the capital programme has been spent, which is equivalent to 58% of the annual budgeted spend. It is therefore vitally important that efforts are made to ensure that spending plans are advanced throughout the last three months of the financial year. Progress on capital projects continues to be monitored through the monthly Resource Monitoring Panels.
- 5.4 The completion of capital projects on time and on budget not only supports the Council's drive to excellence through its Use of Resources score, but will also ensure that the benefits arising from our capital projects are realised for the community as a whole.

## **6. Consultees**

- 6.1 The members and officers consulted on this report are:  
Councillor Bramley  
Corporate Management Team  
Group Managers – Corporate Finance  
Enterprise Programme Office

### **Background Papers Used in the Preparation of the Report:**

- Oracle & CPMO reports



**REVENUE BUDGET 2007/2008**

APPENDIX A

**SUMMARY OF POSITION - JANUARY 2008**

<u>Department</u>	<u>Original Budget 2007/08</u>	<u>Working Budget 2007/08</u>	<u>Budget to date</u>	<u>Actual to date</u>	<u>Current projected position</u>	<u>Current projected variance</u>	<u>Action in place/ to be taken</u>	<u>Projected Outturn 2007/08</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Adults & Community Services	58,647	59,972	55,671	56,193	59,972	0	0	0
Children's Services	172,184	183,761	150,699	161,582	184,481	720	720	0
Customer Services	15,593	15,907	17,477	18,408	15,886	(21)	(21)	0
Regeneration	22,800	23,337	19,157	18,973	23,685	348	348	0
Resources	922	1,418	829	978	1,418	0	0	0
<b>Total for Department's</b>	<b>270,146</b>	<b>284,395</b>	<b>243,833</b>	<b>256,134</b>	<b>285,442</b>	<b>1,047</b>	<b>1,047</b>	<b>0</b>
<b><u>Other Services</u></b>								
Corporate Management	4,930	4,740	3,425	3,207	4,740	0	0	0
General Finance	(19,470)	(33,295)	(23,000)	(22,711)	(33,295)	0	0	0
Contingency	1,200	966	0	0	966	0	0	0
Levies & precepts	6,581	6,581	5,957	5,957	6,581	0	0	0
<b>Total for Other Services</b>	<b>(6,759)</b>	<b>(21,008)</b>	<b>(13,618)</b>	<b>(13,547)</b>	<b>(21,008)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Council Budget</b>	<b>263,387</b>	<b>263,387</b>	<b>230,215</b>	<b>242,587</b>	<b>264,434</b>	<b>1,047</b>	<b>1,047</b>	<b>0</b>

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**HOUSING REVENUE ACCOUNT - BUDGET MONITORING SUMMARY**

**APPENDIX B**

**Month January 2008**

	Original Budget £'000	Revised Budget £'000	Budget Jan-08 £'000	Actual Jan-08 £'000	Forecast £'000	Variance £'000
<b>Housing Revenue Account</b>						
NET RENT OF DWELLINGS	(69,047)	(69,047)	(57,539)	(59,662)	(71,009)	(1,962)
OTHER RENTS	(2,438)	(2,438)	(2,032)	(1,946)	(2,340)	98
OTHER CHARGES	(5,170)	(5,170)	(4,308)	(5,622)	(5,113)	57
CONTRIBUTIONS TOWARDS EXPEDITURE	0	(825)	0	(891)	(1,189)	(364)
<b>TOTAL INCOME</b>	<b>(76,655)</b>	<b>(77,480)</b>	<b>(63,879)</b>	<b>(68,121)</b>	<b>(79,651)</b>	<b>(2,171)</b>
REPAIRS AND MAINTENANCE	21,878	21,722	18,102	18,846	23,289	1,567
SUPERVISION & MANAGEMENT	24,023	24,843	20,703	21,399	25,822	979
RENT, RATES AND OTHER CHARGES	994	379	0	28	385	6
NEGATIVE HRA SUBSIDY PAYABLE	14,125	14,125	11,771	11,300	14,125	0
NEGATIVE HRA SUBSIDY TRANSFERABLE TO GENERAL FUND UNDER TRANSITIONAL ARRANGEMENTS	3,449	3,449	0	0	3,449	0
DEPRECIATION & IMPAIRMENT OF FIXED ASSETS	23,197	23,197	19,331	19,331	23,197	0
HRA SHARE OF CDC COSTS	750	776	647	647	776	0
<b>TOTAL EXPENDITURE</b>	<b>88,416</b>	<b>88,491</b>	<b>70,553</b>	<b>71,551</b>	<b>91,043</b>	<b>2,552</b>
INTEREST EARNED	(1,354)	(1,354)	(1,128)	(1,128)	(1,669)	(315)
<b>NET COST OF SERVICE</b>	<b>10,407</b>	<b>9,657</b>	<b>5,546</b>	<b>2,301</b>	<b>9,723</b>	<b>66</b>
DEPRECIATION ADJUSTMENT	(10,098)	(10,098)	(8,415)	(7,574)	(10,089)	9
<b>MOVEMENT IN WORKING BALANCE</b>	<b>309</b>	<b>(441)</b>	<b>(2,870)</b>	<b>(5,273)</b>	<b>(366)</b>	<b>75</b>
WORKING BALANCE B/F	(2,776)	(1,665)	(1)	(1,665)	(1,665)	0
WORKING BALANCE C/F	(2,467)	(2,106)	(2)	(2,031)	(2,031)	75

**Notes:**

- (1) Revised Budget b/fwd balance reflects the closing working balance as per 2006/07 outturn  
(2) Revised Budget c/fwd balance reflects estimated balances at year end

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CAPITAL PROGRAMME 2007/2008SUMMARY OF EXPENDITURE - JANUARY 2008

<u>Department</u>	<u>Original Budget</u>	<u>Working Budget</u>	<u>Actual to date</u>	<u>Percentage Spend to Date</u>	<u>Projected Outturn</u>	<u>Projected Outturn Variation against Revised Budget</u>	<u>Projected Outturn Variation against Original Budget</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>%</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Adult & Community Services	2,019	2,138	642	30%	1,785	(353)	(234)
Children's Services	9,718	8,542	6,721	79%	9,495	953	(223)
Customer Services	11,358	11,448	7,703	67%	11,275	(173)	(83)
Regeneration	50,555	39,725	20,875	53%	38,025	(1,700)	(12,530)
Resources	1,467	1,326	822	62%	1,322	(4)	(145)
<b>Total for Department Schemes</b>	<b>75,117</b>	<b>63,179</b>	<b>36,763</b>	<b>58%</b>	<b>61,902</b>	<b>(1,277)</b>	<b>(13,215)</b>
<u>Accountable Body Schemes</u>							
Regeneration	-	111	97	87%	111	0	111
<b>Total for Accountable Body Schemes</b>	<b>-</b>	<b>111</b>	<b>97</b>	<b>87%</b>	<b>111</b>	<b>0</b>	<b>111</b>
<b>Total for all Schemes</b>	<b>75,117</b>	<b>63,290</b>	<b>36,860</b>	<b>58%</b>	<b>62,013</b>	<b>(1,277)</b>	<b>(13,104)</b>

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