

APPENDIX B

Report to: Executive Member for Corporate
Strategy & Finance

Date: 9th August 2006

Report of: Director of Corporate Resources

Report No:

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Report Title: **Corporate Strategy and Finance Revenue and Capital
Monitoring
Quarter 1 2006/2007**

Non Confidential

This report does **not** contain information which warrants its consideration
in the absence of the press or members of the public

Recommendations:

The Executive Member is recommended to:-

- i) note the 2006/07 revenue budget and the projected outturn;
- ii) note the contribution made by Corporate Strategy and Finance towards the Authority's overall Gershon efficiency targets, and the projected achievement against these;
- iii) note that Legal Services and Property Services trading accounts are expected to break even; and
- iv) note the 2006/2007 capital programme, details of actual spend and the forecasted outturn.

Decision:

Signed:

Leader / Executive Member

Monitoring Officer

Date:

Summary:

The report looks at the revenue monitor in the first quarter of 2006/2007, and predicts an overspend of £75,000.

It shows the Executive Member the measures that Corporate Strategy and Resources have proposed to contribute towards the authority's overall Gershon efficiency targets, and shows the projected achievement against these targets.

It shows that a preliminary assessment of the Legal Services and Property Services trading accounts show that they are on target to break even.

Capital expenditure to date is examined and compared to the Capital Programme. At this stage, the outturn appears to be in line with the Programme in most areas, although slippage is predicted for the Asset Management Plan and Area Property Reviews, due to deliberate delays in projects, because of awaiting outcomes of the Shaping Future Services Programme.

Background Information

1. **INTRODUCTION**

1.1 The purpose of this report is to inform the Executive Member of:-

- (i) the 2006/2007 revenue base budget and projections compared to the latest estimate;
- (ii) the contributions made by Corporate strategy and Finance towards the Authority's overall Gershon efficiency targets, and that these seem likely to be achieved;
- (iii) a preliminary assessment of the Legal Services and the Property services trading accounts: and
- (iv) actual capital expenditure compared to the Capital Programme.

2. **BACKGROUND**

- 2.1 The Authority's revenue expenditure can be analysed in two major ways. Firstly, the costs of each activity or service are calculated including all recharges, both expenditure and income recharges, to and from other activities. This analysis gives the true cost of running that activity or service; it is the way expenditure and income is recorded in the Authority's accounts, and it forms the budget that the Council approves formally in February each year. It is known informally as the 'bottom line' budget, but it is the proper means of identifying the costs of each service. This analysis can be seen in the Column A of Appendix A.
- 2.2 The second way of analysing revenue expenditure is to exclude expenditure and income recharges from the calculation of an activity or service's costs. This gives the expenditure which can actually be controlled by that activity or service. This means of analysis is used during the Corporate Business Planning Process (CBPP), and is used so that departments are only held responsible for those areas of expenditure they can control. This analysis can be seen in Column D of Appendix A.
- 2.3 Whichever analysis is used, the Authority's overall figures add up to the same grand total, as the difference between the two methods is only that of allocating costs between activities/services.
- 2.4 There some activities where it is more appropriate to be monitored on a bottom line basis, as recharges are of little significance in these cases. These budgets are also deemed to be corporate in nature, and any under or overspends in the year are met or enjoyed centrally. These areas are usually ones where the Authority has little control over the level of spend, or the budgets do not belong to a department, but to the authority as a whole. These activities are shown in the bottom half of Appendix A.

3. **2006/2007 REVENUE EXPENDITURE**

- 3.1 In Appendix A, an analysis is made of the original 2006/2007 base budget, adjustments made to that budget, and a predicted forecast for the year.
- 3.2 There have only been two adjustments made to the base budget. The largest relates to virements of budgets to the Chief Executive's department, which relate to the transfer of staff from the Children's department to the Human Resources Centres of Excellence. The second virement relates to a transfer of £700 from a Corporate AGMA budget to the Chief Executive's department relating to additional rent support for the Victims' Support organisation.
- 3.3 There is only one forecasted variance to the latest estimate, at this stage; namely, it is expected that Land Charges will under-recover by around £75,000. This is based on a similar under recovery in 2005/2006, and is due to the increasing numbers of personal searches made.

4. EFFICIENCY TARGETS

- 4.1 Included in Appendix B are the measures included as Corporate Strategy and Finance's contribution to the overall Gershon efficiency targets. The cashable items were all included as reductions within the original budget in appendix A, and all but one are on target. It is predicted that £30,200 additional Sanctions Reward grant will not be achieved, due to the replacement of this scheme by another grant regime. The non-cashable items are also on target.

5. LEGAL SERVICES AND PROPERTY SERVICES

- 5.1 An analysis of these two activities show that these are on target to break even, however assumptions have been made about the income that will be achieved.

6. CAPITAL EXPENDITURE

- 6.1 Appendix C shows the Capital Programme for 2006/2007, and the following two years. It shows the actual spend to date, and the projected spend for the year. At this stage, the outturn appears to be in line with the Programme in most areas, although slippage is predicted for the Asset Management Plan and Area Property Reviews. This is due to deliberate delays in projects, because of awaiting outcomes of the Shaping Future Services programme.

7. **RECOMMENDATION**

7.1 The Executive Member is recommended to: -

- (i) note the 2006/2007 revenue budget and projections;
- (ii) note the contributions made by Corporate Strategy and Finance towards the Authority's overall Gershon efficiency targets and the projected achievement against these;
- (iii) note that Legal Services and Property Services trading accounts are expected to break even; and
- (iv) note the 2006/2007 capital programme and the forecasted capital outturn.