

**URGENT BUSINESS AND SUPPLEMENTARY INFORMATION****Executive****15 June 2009**

Agenda Item Number	Page	Title	Officer Responsible	Reason Not Included with Original Agenda
10.	(Pages 1 - 9)	Performance Management Framework 2008/2009 Year End Performance and Finance Report	Chief Executive, Strategic Director Customer Service and Resources and Head of Improvement	Information not available at time of agenda publication.

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### Draft Revenue 2008/09 Outturn and Analysis

#### Background

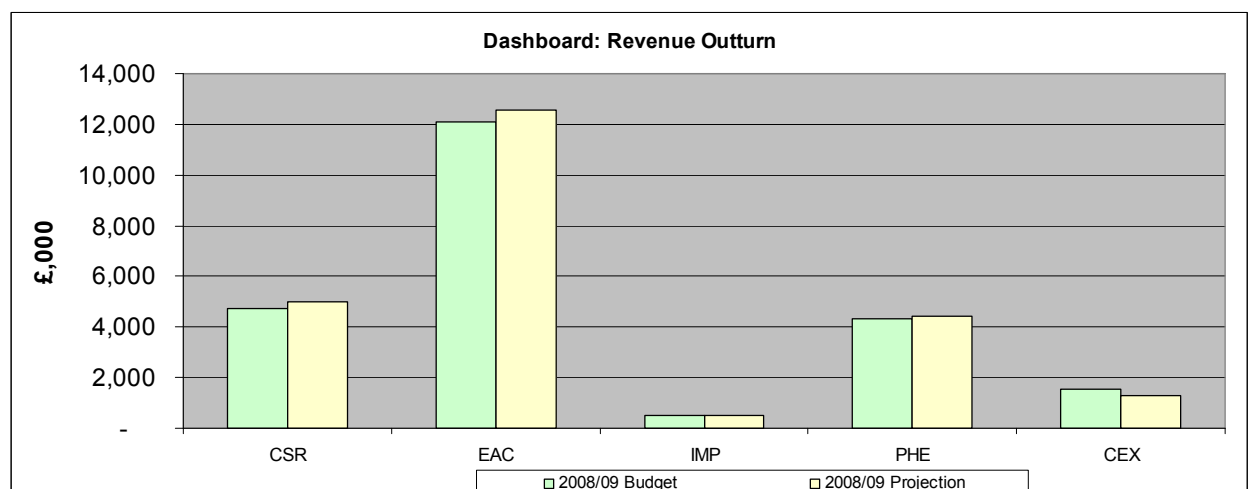
1.1 In line with good practice budget monitoring is undertaken on a monthly basis within the Council. The revenue and capital position is reported monthly to the Corporate Management Team and formally to the Executive on a quarterly basis. This is the Q4 provisional outturn report for financial year 2008/09.

#### General Fund Revenue Budget

1.2 The draft General Fund Revenue budget is shown below. The draft outturn presented illustrates an overspend of £507,062 representing a budget variance of 2%.

	Adjusted Budget 2008-09 £,000	Draft Outturn 2008-09 £,000	Variance £,000	Variance
<b>SERVICE EXPENDITURE</b>				
<b>Services</b>	24,430,827	25,023,889	593,062	2%
Capital Charges Reversed	-1,228,310	-1,228,310	0	0%
<b>Net Expenditure Services</b>	23,202,517	23,795,579	593,062	3%
<b>Reserves and Provisions</b>	-1,799,066	-1,489,909	309,157	-17%
	21,403,451	22,305,670	902,219	4%
Investment Income	-5,030,455	-5,425,612	-395,157	8%
Government Grant	-10,310,045	-10,310,045	0	0%
Collection Fund	-101,591	-101,591	0	0%
Council Tax	-5,961,360	-5,961,360	0	0%
	-21,403,451	-21,798,608	-395,157	2%
<b>Provisional Overspend</b>	<b>0</b>	<b>507,062</b>	<b>507,062</b>	

1.3 The performance by Directorate against budget can be seen in the chart below:



1.4 The overspend in services of £593,062 is split between directorates as follows:

Directorate	2008/09 Budget	2008/09 Projection	Variance	%	Primary Driver
	£,000	£,000	£,000	£,000	
CSR	4,724	4,969	245	5%	Land Charges income reduction
EAC	12,090	12,554	464	4%	Concessionary Fares and fuel
IMP	522	530	8	2%	
PHE	4,337	4,431	94	2%	Planning Income reduction offset by Housing VFM savings
CEX	1,529	1,311	-218	-14%	Reduction in training, design & communications budget
<b>Services</b>	<b>23,202</b>	<b>23,795</b>	<b>593</b>	<b>3%</b>	

### Economic Impact

1.5 The downturn in the economy has given rise to a number of unanticipated budget pressures. One of the most immediate impacts of the credit crunch in Cherwell, like elsewhere, is the housing market slowing rapidly. This has seen a reduction in the current year of planning and land charge income. In addition we have faced significantly increased fuel costs and gate fees. There is also rising pressure on a number of Council services, notably benefits and a rise in homelessness will be expected. These factors have resulted in additional unforeseen costs of £494,000 (83% of total overspend) as per the table below:

Economic Reasons (net of provisions)	£,000
Planning Income	290
Land Charges	123
Fuel	50
Gates Fees	31
	<b>494</b>

### Investments in Iceland

1.6 We have £6.5m in one of the failed Icelandic banks - Glitner, with accrued interest to the end of the 2008/09 year due yet to be paid of £551k. These were long term investments and we were not expecting either the capital or the interest imminently. The fact that we have no access to this money at the

moment makes absolutely no difference to our ability to deliver services or meet operational costs.

- 1.7 Whilst this money is currently deemed at risk, we have for the purpose of this projection assumed the worst and assumed £551k of interest accrued relating to these loans for the period up to 31 March 2009 will not be received. This loss is compensated for by the interest gains achieved to September 2008.

### **Other Key Variances**

- 1.8 Concessionary Fares has generated a variance of £372,000 compared to budget. This is due to the increased usage of the scheme and the impact of fuel costs to suppliers. The impact for the 2009/10 budget is currently being reviewed.

### **Budget Mitigations**

- 1.9 The increased focus on budget monitoring and introduction of the “dashboard” has enabled more efficient use of the Council’s resources and enabled action to be taken to mitigate against the economic issues and concessionary fares.
- 1.10 A number of compensatory actions have been taken to partly offset the impact of the downturn in the economy, concessionary fares and the potential interest impact of the investment in the failed Icelandic bank. These have included freezing vacancies, reducing agency costs and delaying or cancelling any discretionary expenditure.

### **Summary**

- 1.11 The variances on the revenue and are within the Council’s stated tolerances and within 2% of budget provision.
- 1.12 The General Fund reserve of £1.95m is adequately funded to meet this deficit.
- 1.13 The Council continues to make excellent progress on delivering against its revenue budget. Our financial performance in terms of revenue performance; in the context of the one of the most challenging economic climates of our times is an area we can be proud of. Our performance demonstrates our ability to be nimble in responding to changing circumstances, improved capacity to deliver sizeable capital programmes and effective financial management.
- 1.14 The information in this report is in the format used for budget monitoring purposes and as reported to the Executive quarterly. It does not reflect the various accounting adjustments that are required to comply with the Statement of Recommended Practice (for example the various pension adjustments required by Financial Reporting Standard 17) nor is it in the same format as the statutory Financial Statement. These statements will be adopted by the Accounts, Audit and Risk Committee on 24<sup>th</sup> June 2009 and then subsequently approved after audit clearance in September 2009. A detailed analysis of income and expenditure will be included within these accounts.

## **2008/09 Revenue Budgets to be carried forward**

### **Background**

- 1.1 Expenditure of £132,000 was planned to spent in 2008/09 but due to timing delays has not occurred. The following budgets will be spent against Council priorities in 2009/10 and supplementary estimates are requested for the following 3 projects.
- 1.2 £83,000 for ECO town consultancy.
- 1.3 £14,000 for market advertising – growth item brought forward from 08/09.
- 1.4 £35,000 for car park maintenance – 09/10 budget has been reduced so this is required to finalise scheduled works.

## Draft Capital Outturn 2008/09

- 1.1 The adjusted capital budget for 2008/09 equated to £26,510,724 which represents the capital budget approved in February 2009 of £23,743,000 and all supplementary estimates and capital slippage approved by the Executive during the year. The adjusted budget can be summarised as follows: -

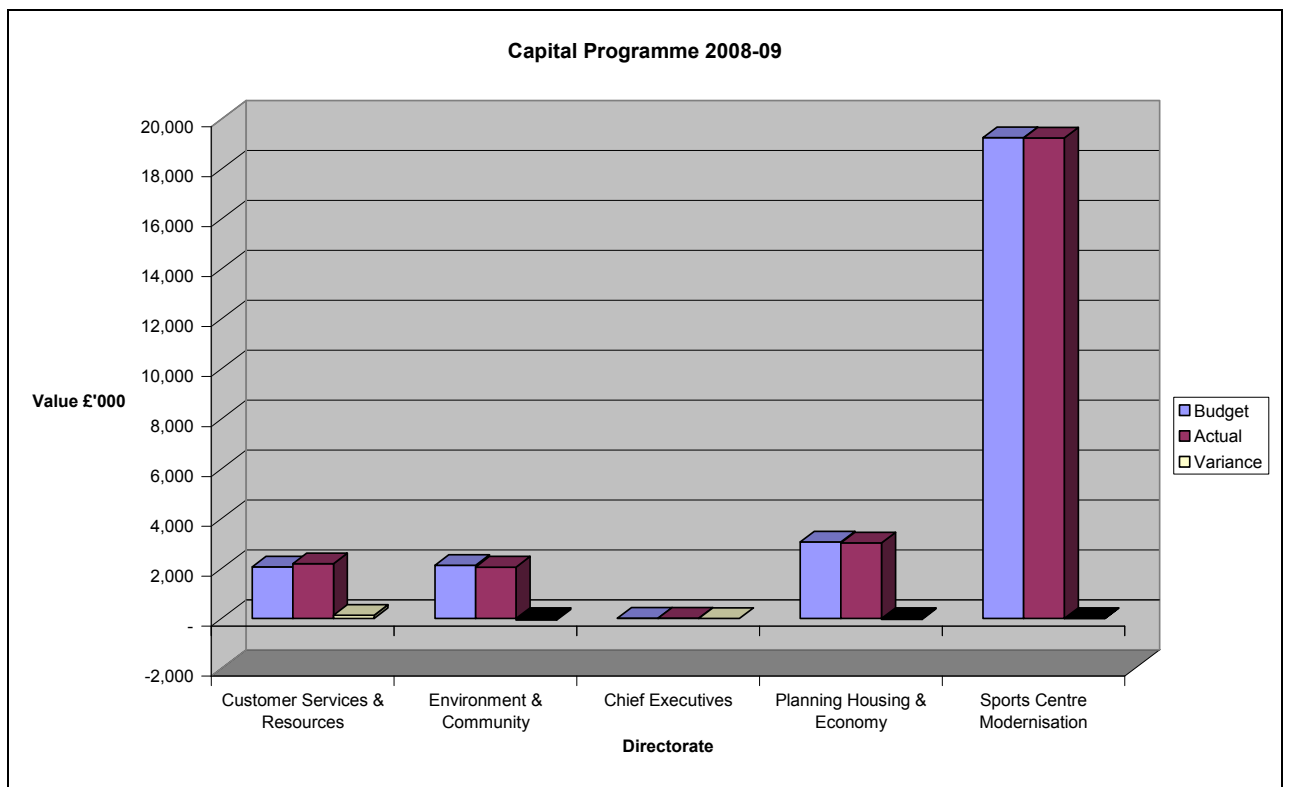
Original 2008/09 Budget	£23,743,000
Supplementary Estimates	£ 1,873,895
Slippage into 09/10 Capital Programme	-£ 2,104,047
Brought forward from 07/08 Capital Programme	£ 332,114
Six month review of Capital Adjustments	£ 2,665,762
Adjusted 2008/09 Capital Programme	<b>£26,510,724</b>

- 1.2 The table below provides the provisional capital out-turn statement for 2008/09 by scheme and directorate and shows a small overspend of £10,305 against a budget of £26,510,724 allowing for the slippage requests detailed in Appendix 9d.

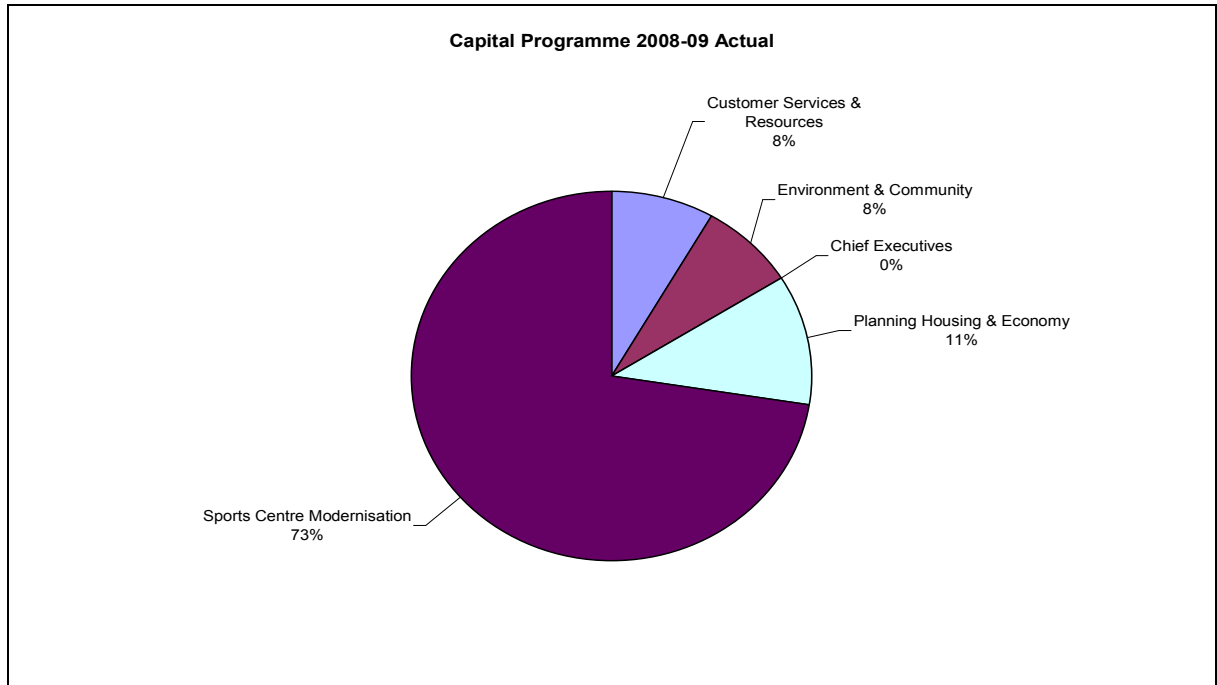
<b>Capital Programme by Project</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
	£,000	£,000	£,000
<b><u>Customer Services &amp; Resources</u></b>			
Bodicote House- Accommodation Changes	1,034,287	1,070,121	35,834
ICT - Business Services	135,592	119,279	(16,313)
ICT - Customer Services	189,050	319,946	130,896
ICT - Home and Remote Working	3,874	6,558	2,684
ICT - Infrastructure	167,000	100,255	(66,745)
ICT - Operational	344,835	387,627	42,792
ICT - Information Services	103,212	113,578	10,366
Various other small value schemes	86,525	73,142	(13,383)
	<b>2,064,375</b>	<b>2,190,506</b>	<b>126,131</b>
<b><u>Environment &amp; Community</u></b>			
Vehicle Replacement Programme	949,119	953,584	4,465
Tooleys/ Museum	72,540	116,921	44,381
Hanwell Fields Sports Pavilion	183,935	225,077	41,142
Woodgreen Leisure Centre inc Car Parks & Footways	500,000	432,376	(67,624)
Off Road Parking Facilities	156,000	162,556	6,556
Street Scene Replacement Programme	50,000	0	(50,000)
Various other small value schemes	213,687	164,499	(49,188)
	<b>2,125,281</b>	<b>2,055,013</b>	<b>(70,268)</b>
<b><u>Chief Executives</u></b>			
Small value scheme	11,500	11,500	0
	<b>11,500</b>	<b>11,500</b>	<b>0</b>

<b><u>Planning Housing &amp; Economy</u></b>			
Banbury Pedestrianisation	90,998	116,823	25,825
Bicester Town Centre Redevelopment	93,354	28,228	(65,126)
Future Regeneration Schemes			
Preliminary Prof Fees	50,000	8,997	(41,003)
LASHG - Ploughley Road Ambroseden	66,800	67,000	200
LASHG - London Road Bicester	93,600	0	(93,600)
LASHG - Spirit Motor Site	225,000	225,000	0
Disabled Facilities Grants	875,000	909,749	34,749
Other Discretionary Grants	313,703	426,387	112,684
Merton Street Flats	100,000	100,000	0
Local Authority Social Housing Grant	44,334	44,334	0
The Sanctuary Acquisition Scheme	959,000	958,750	(250)
Temporary Accommodation Acquisition Scheme	63,750	63,750	0
Various other small value schemes	84,662	73,209	(11,453)
	<b>3,060,201</b>	<b>3,022,227</b>	<b>(37,974)</b>
<b><u>Sports Centre Modernisation</u></b>			
Sports Centre Modernisation Programme	19,249,367	19,241,783	(7,584)
	<b>19,249,367</b>	<b>19,241,783</b>	<b>(7,584)</b>
<b>Total Capital Programme</b>	<b>26,510,724</b>	<b>26,521,029</b>	<b>10,305</b>

1.3 Performance against budget by directorate can be seen in the chart below



- 1.4 The overspend of £10,305 is well within budget tolerances. This is the second successive year that the capital programme has been delivered on budget and this is as a result of the increased monitoring on the capital programme during the year. The capital programme has been subject to monthly review by Corporate Management Team and 3 reviews by the Executive.



- 1.5 It can be seen that 73% of the capital expenditure relates to the sports centre modernisation programme. This project is currently on track to budget and timetable. A further £10m will be spent in 2009/10. Of the remaining 27% a further £432,376 (6%) was spent on the re-opening of the Woodgreen Open Air Pool.
- 1.6 A total of £1,336,136 (18%) was spent on providing disabled facility grants and discretionary grants to assist with adaptations to properties. A further 13% (£958,750) was spent on the Sanctuary Acquisition Scheme which provides the Council with nomination rights.
- 1.7 The accommodation in Bodicote House has been improved enabling efficiency gains as a result of consolidation of services to a single site. In addition and the Council has delivered 3 new area based one stop shop facilities across the district, improving facilities in both scale and scope, providing residents with broader choice and a gateway to access 3<sup>rd</sup> party services. Delivery incurred capital spend of £1,390,067(19%).
- 1.8 The capital programme has been financed using government grants, third party contributions, capital receipts and revenue contribution and is analysed by category below:



## CAPITAL PROGRAMME AND FINANCING STATEMENT

	<b>Scheme Cost £</b>
Capital Programme Delivered in 2008/09	£17,017,399
Sports Centre Modernisation	<u>£19,241,783</u>
<b>Total Capital Programme</b>	<b>£26,521,029</b>
<b>Financed by:</b>	
Capital Receipts	<b>£23,860,029</b>
Government Grants and Other Contributions	<b>£1,992,000</b>
Direct Revenue Financing/Use of Reserves	<b>£669,000</b>
	<u><b>£26,521,029</b></u>

### 2008/09 Capital Programme Slippage

- 1.1 The Executive agreed to carry forward capital schemes of £3,597,623 into the 2009/10 programme at its meeting on April 6<sup>th</sup> 2009.
- 1.2 £1,800,000 related to the sports centre modernisation project and this was delivered in 2008/09 so the amended slippage equates to £1,797,623.
- 1.3 A further 2 projects have slipped and as part of the year end review a request to carry forward a further £306,758 is proposed.
- 1.4 £297,758 relates to the temporary accommodation acquisition scheme and £9,000 relates to the completion of the wireless networking project at Bodicote House.
- 1.5 Each scheme is supported by an appraisal and these have been scored according to priority. The reasons for slippage relate to timing.