



Leicester
City Council

Cabinet
Performance and Value for
Money Select Committee

1st October 2008
4th September 2008

REVENUE BUDGET MONITORING 2008/09 – PERIOD 3/4

REPORT OF THE CHIEF FINANCE OFFICER

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to show a summary position comparing spending with the budget. The report is the first in the regular cycle of reports for the 2008/2009 financial year showing the budget issues that have arisen so far. Further reports will be presented to Cabinet and the Performance and Value for Money Select Committee for Periods 7, 9 and Outturn.

2. SUMMARY

2.1 The General Fund budget set for the financial year 2008/2009 was £261m. Together with the sums carried forward by service departments from 2007/2008 of £0.2m, the revised budget is now £261.2m. After 3 months of the year, 24.1% of the revised budgets of departments have been spent.

2.2 Although it is too early in the year to make detailed projections of the outturn, there are a number of budgetary pressures within departments and it is clear that the economic slowdown is having an adverse impact on budgets in a number of areas. Nonetheless, every department is continuing to monitor their budgets closely and where necessary taking action to contain spending within budget.

2.3 The areas in which significant budgetary pressures exist are as follows:

- Children and Young People's Services – Risks and uncertainties associated with major service initiatives.
- Resources – The economic downturn has had a negative impact on land charges and property services budgets, in addition to this, the ability to deliver savings from the planned departmental review has been overtaken by delivering excellence programme, which together has resulted in significant budgetary pressures.

Further details on the departmental budgetary pressures are provided in Section 6 of this report.

- 2.4 Corporate budgets are anticipating significant savings relating to capital financing costs. This is mainly due to the continued growth in the level of underlying cash balances and also some good borrowing decisions.

3. RECOMMENDATIONS TO CABINET

- 3.1 The Cabinet is recommended to:

- a) Note the changes made to the original approved budget for 2008/09;
- b) Note the expenditure to date and the budgetary issues which have emerged so far this year;
- c) Note the proposals put forward to ensure that spending is contained within the Departments' budgets;
- d) Consider what other action is necessary to prevent departments from overspending.

- 3.2 The Select Committee is asked to consider the overall position for the whole Council and make any observations it sees fit.

4. BUDGET FOR 2008/09

- 4.1 The General Fund budget for the financial year 2007/08 is **£260m**. After adding the approved carried forward amounts from 2007/08 (**£0.2m**) the budget for the year is now **£260.2m**.

- 4.2 Each Corporate Director is required by Finance Procedure Rules to ensure that services are delivered within budget, and has the responsibility of providing a framework for monitoring the budgets within the guidelines provided by the Chief Finance Officer.

- 4.3 Corporate Directors are responsible for their controllable budgets. These include employee costs, running costs and income. 'Indirect expenditure' or 'below the line charges' are the responsibility of the service provider with the cost of those services being included in the providers' controllable budgets.

- 4.4 The table below details the provisional revised net direct budget for the authority.

Table 1	Original Budget for 2008/09	Approved Carry forwards	Virements	Revised Budget for 2008/09
<u>Department</u>	£'000	£'000	£'000	£'000
Chief Executive's Office	2,735.3	-	30.9	2,766.2
Children & Young People	56,286.3	-	575.3	56,861.6
Regeneration & Culture	58,456.6	8.6	(353.3)	58,111.9
Adults and Housing	83,962.0	156.6	(525.2)	83,593.4
Housing Benefits	527.6	-	0.0	527.6
Resources	26,501.3	-	1,084.7	27,586.0
Total Departments	228,469.1	165.2	812.4	229,446.7
<u>Corporate Budgets</u>				
Miscellaneous	15,056.4	-	(812.2)	14,244.2
Capital Financing	19,806.0	-	(0.2)	19,805.8
General Fund (excl. net recharges)	263,331.5	165.2	0.0	263,496.7
Net Recharges	(2,324.6)	-	-	(2,324.6)
TOTAL GENERAL FUND	261,006.9	165.2	0.0	261,172.1

5. SUMMARY OF PROJECTIONS

5.1 The results of the monitoring of the budgets are summarised in Appendix 1.

6. SIGNIFICANT ISSUES ARISING FROM DEPARTMENTS

The budgetary issues, which have emerged to date, are as follows:

6.1 Chief Executive's Office

6.1.1 The Chief Executive's Office is presently forecasting a balanced outturn. There are some outstanding issues relating to the funding of the Partnership Team and these are outlined in more detail at Section 10 of this report.

6.2 Children & Young People

6.2.1 At this early stage of the year, the department is forecasting net budget pressures totalling £0.2m on their general fund budgets. The department is facing a number of budgetary pressures arising from major service improvement initiatives such as Transforming the Learning Environment (including BSF), Transforming Leicester's Learning (TLL), and also uncertainty around Area Based Grant allocations (detailed in Section 10), a departmental traded service project, and changes in senior management arrangements. As a result of these risks and uncertainties, and at this early point of the year, the department is anticipating that a call will be made on their departmental reserves. This will continue to be monitored closely and as the cost implications of these projects become more robust the implications will be included within future reports.

6.2.2 Centrally retained Dedicated Schools Grant (Schools Block) is currently forecasting pressures of £0.6m, which subject to agreement by the Schools Forum, will be met from the contingency budget. Significant variations within this area are outlined below:

- a) Independent Schools – The number of pupils supported by this budget had increased significantly in prior years. The growth in pupil numbers has now slowed, and the budget pressure of £0.1m is lower than in 2007/08.
- b) Mainstream Statementing: As with the Independent Schools budget, the growth in numbers has also slowed however budget pressures of £0.6m still remain. In addition there are a further 3.6 teaching weeks in 2008/09 compared to 2007/08 which must be funded, and there will be an impact on the budget from the costs of Job Evaluation in Schools as much of the budget reimburses Schools for stated support to pupils.
- c) Nursery Education Grant: Net pressures of £0.3m arise predominantly from the need to fund an additional two weeks of nursery provision following the early Easter holiday.
- d) Premature Retirement Costs: An underspend of £0.2m is currently being forecast. This budget meets the retirement costs of School based staff, which meet specific criteria. As the new academic year progresses further retirements / redundancies may occur which will reduce the underspend.

6.2.3 Schools

Schools collectively have budgeted to withdraw from their balances, which stood at £19.3m as at 31st March 2008. However, this includes planned contributions to contingencies at a number of schools, and based on previous years' experiences it is felt unlikely that such a large withdrawal will actually occur in practice - all the forecast spending may not take place, and further funding such as the Standards Fund may be received by schools as the year develops. However, the Department recognises there are new pressures on schools such as energy costs and the job evaluation scheme for non-teaching staff, which could lead to higher than usual withdrawals and use of planned contingency sums.

6.3 Regeneration & Culture

6.3.1 At this early stage of the year the department is forecasting a **balanced outturn** against a net budget of £58m.

6.3.2 The departments most significant budgetary pressures relate to potential shortfalls in income from DeMontfort Hall and the Market, together with delays in generating staffing savings from the economic regeneration review. These issues will be managed this year through a combination of one off income including a significant VAT rebate for DeMontfort Hall and deferring discretionary expenditure where possible.

6.3.3 Other pressures and uncertainties include:

- As a result of the economic slowdown, there has been a 24% reduction in building control income compared to the budget;
- There is still some uncertainty around the changes to the concessionary fares scheme introduced for 2008/09, and it is not yet clear if the additional funding provided by the Department for Transport will be sufficient to meet the costs.

6.3.4 The departments' four traded services (Fleet Management, City Catering, Operational Transport and Highways) are forecasting a breakeven position. However, food cost inflation is increasing City Catering's costs and this is being offset by the targeted school meals grant for 2008/09.

6.4 **Adults and Housing**

6.4.1 The Department is currently forecasting net budget pressures of £0.1m.

6.4.2 There are several substantial risks associated with the above forecast. The department is in the process of putting together a series of proposals to make the savings required in their budget strategy. There is also some volatility around grant funding which used to come direct to the Department but which is now part of the area based grant (see section 10) and also around the PCT contribution to the Learning Disabilities pooled fund which has yet to be finalised.

Housing Benefit Payments

6.4.3 The cost of housing benefit payments (£115m) is almost entirely met by government grant. The current forecast indicates **outturn close to budget**, although there are a number of risks and uncertainties that can affect this volatile budget including:

- Possible grant clawback by the DWP arising from the finalising of the 2005/06 and 2006/07 grant claims (Members will recall from last year's monitoring reports that the 2005/06 claim is subject to claw back which is in the process of being challenged);
- Issues and variations relating to the 2007/08 grant claim which is presently subject to audit; and
- Overpayments/overpayment recoveries, to the extent that these exceed budget.

6.4.4 Bearing in mind the above risks and in order to mitigate the impact of these uncertainties, the authority has already set aside a substantial provision against possible claw back of grant relating to the three outstanding claims.

Housing Revenue Account

6.4.5 The HRA has a planned deficit of £0.2m and is expecting a small underspend against this of £0.1m. Within this there are several notable variances. There is a predicted overspend of £0.7m against the Housing Management Budget. This is almost entirely due to the huge increase in the price paid for gas for the district heating service and reflects the extreme volatility in the energy supply markets. This issue will be the subject of a report to cabinet in September. This increase in costs has been offset by £0.5m additional rental income, which is mainly the result of the slow down in right to buy sales, and lower than budgeted prudential borrowing in 2007/08.

6.5 Resources

6.5.1 The department is currently forecasting budget pressures of £1m. The largest element of this is a £0.5m saving included in the departments budget strategy to be realised from a restructure of the department. Events have now overtaken the ability of the department to realise this saving in that the “delivering excellence” programme envisages radical changes to the top management structure of the Council and to its organisation of support services.

6.5.2 Further problems facing the department are as a result of the current economic climate. The continuing depressed state of the housing market has resulted in a forecast shortfall on income generated from land charges of £0.2m, despite budget growth this year of £0.1m to try to help to address this problem. In addition to this there is a forecast deficit of £0.1m by the Projects traded service (Property). Due to difficulties in asset sales and therefore capital receipt generation, the authority’s capital programme is being reviewed. This has resulted in work on capital schemes being halted or delayed, thereby severely restricting the traders capacity for fee generation.

6.5.3 The Business Improvement division continues to manage a difficult financial position following the HR Business Improvement Programme review. Pressures arising from the transfer of budgets from departments and also from the implementation of the new structure have resulted in pressures of £0.2m.

6.5.4 The departmental management team has considered the budget pressures the department faces and developed a plan in order to bring the outturn in as close to budget as possible. Measures are to be considered in further detail at its’ meeting in September. Any resulting shortfall will be the first call on the departmental reserves.

7. CORPORATE BUDGETS

7.1 This budget (£34m) includes a number of items that are not within the controllable budgets of any corporate directors. Capital financing (£19.5m) is by far the largest element of the budget but it also includes bank charges, audit fees, levies, contributions towards Job Evaluation and Service Transformation, together with other miscellaneous expenditure.

- 7.2 Significant savings are anticipated in capital financing costs. The main reason for this is the continued growth in the underlying level of cash held by the authority – this has been a trend every year and has continued this year. This will meet the anticipated increases in energy costs arising from global price increases.
- 7.3 Corporate budgets also include a £0.6m saving relating to additional interest earned from receipts following the disposal of surplus properties. Early projections indicate that there is likely to be a significant shortfall against this target. This is due to both the timeframe for releasing properties onto the market and the general economic downturn including a fall in property sales. This programme of disposals is currently under review and the outcome of this review will be reported later in the year.
- 7.4 A further amount provisionally held within corporate budgets is a one-off sum of £2m towards the Service Transformation Programme. At its meetings in June and September, Cabinet have approved the release of £0.5m to finalise the framework for the programme. The arrangements for monitoring the associated costs of this programme are being developed alongside the overall framework and these will be set out in future reports.

8. JOB EVALUATION & EQUAL PAY COMPENSATION

- 8.1 Cabinet, at its meeting on the 23rd July 2007, delegated authority to the Chief Finance Officer to action the necessary budget adjustments following implementation of the Single Status Framework Agreement. Included within the budget for 2008/09 is an annual contribution of £3m towards this scheme plus a further £1.1m to meet one-off costs.
- 8.2 The principles for allocating the budgets to departments were agreed by Corporate Directors Board in March. However, since this time the overall status and position of the Single Status Framework Agreement has been subject to a stock take, the outcome of which is expected later in the year.
- 8.3 Equal Pay Compensation – Cabinet have given authority for settlements of up to £12m to be made. To date payments totalling £11.6m have been made, with the majority of this sum (£11.3m) having been made during 2007/08. There are a small number of issues and queries regarding entitlement that are still in the course of being resolved.

9. PAY AWARD

- 9.1 The most recent offer from employers was 2.45%, however since then the employers and unions have committed to negotiations.

10. AREA BASED GRANT

- 10.1 The Area Based Grant (ABG) will be used to support achievement of service outcomes in the local area agreement, which has been negotiated between Leicester Partnership and the Government. In 2008/09 the City Council will receive £26.5m which is allocated across four principal themes: Children and Young People - £11.5m and Safer and Stronger Communities - £1.2m, Health and Wellbeing - £6.1m, and Economic and Environmental – £7.5m plus a cross cutting allocation of £0.2m.
- 10.2 As at the end of June, spend to date totalled £4.9m or 18%. The forecast outturn is for full spend, however there is a degree of uncertainty and risk associated with this position. It is intended that a proportion of the grant will be used to meet the costs associated with the support and governance arrangements for the local area agreement (mainly within the Partnership Team), because this sum is still to be agreed, budget allocations for individual projects cannot be finalised and issued to budget managers resulting in some uncertainty. It is anticipated that this matter will be resolved in the near future.

11. OTHER MAJOR PARTNERSHIPS

- 11.1 Best practice suggests members should monitor the financial performance of major partnerships.
- 11.2 Learning Disabilities Pooled Budget
This arrangement, under Section 31 of the Health Act 1999, is for the joint commission of various services and is in partnership with Leicester City Primary Care Trust. The city council acts as the host and has lead responsibility for its operation. The original budget for the pool in 2008/09 amounts to £25.2m, of which £12.2m is the city council's contribution and £13m the PCT's. However additional contributions of £1.3m each are expected to meet the costs, the City' council's contribution has already been approved as part of the financial strategy. At this early stage of the year, and after the additional contributions mentioned above, the forecast indicates a breakeven position
- 11.3 Supply of Community Equipment – Pooled Budget
This arrangement, also under Section 31 of the Health Act 1999, is for the supply of community equipment in partnership with Leicestershire County Council, Rutland County Council and six other primary care trusts. Leicester City Primary Care Trust acts as the host. The city council's budgeted contribution in 2008/09 is £0.4m. At this stage of the year there is no indication of any under or overspending.

12. KEY GROWTH & REDUCTIONS

- 12.1 At its meeting in March, the Performance and Value for Money Select Committee asked for regular updates in respect of a number of key growth and savings items within the budget strategy. The first report on these areas was presented in July and the updated position is incorporated at Appendix B to this report.

13. EFFICIENCY SAVINGS

- 13.1 From April 2008 all Councils are required to report the value of cash-releasing value for money gains that they have achieved as one of the 198 indicators in the new national indicator set. There is an expectation that local government should achieve at least 3% per annum cash releasing value for money gains over the spending review period 2008/09 to 2010/11 (CSR 07).
- 13.2 Although the expectation to deliver 3% cashable savings each year is a national target, as part of Leicester's local area agreement, a local efficiency target has been negotiated with government as one of the targets within the LAA. Leicester City's estimated share of the target is detailed below:

Year	2008/09	2009/10	2010/11
Target (% of 2007/08 baseline)	3%	6%	9.4%
Leicester's cumulative expected gains (£m)	10.326	20.910	31.759

- 13.3 The Council's arrangements to deliver these expected gains are as follows:

- Each departmental revenue budget strategy contains an efficiency plan;
- A key objective of the Transformation Programme is to develop the Council's strategy for delivering efficiency savings; and
- Savings achieved above the target set for under the previous spending review (SR04) count towards this new target (which for the City Council is quite substantial).

This section will be used in future reports to provide an update on our progress towards meeting the expectations within the 2007 Comprehensive Spending Review.

14. FINANCIAL INDICATORS

- 14.1 As part of the 2008/09 budget report, Cabinet and Council approved various financial indicators taken from the council's balance sheet and cashflow statements, these are to be monitored and reported as part of the regular cycle of budget monitoring reports.
- 14.2 The indicators are attached at Appendix C to this report and include the position as at 1st April 2008 together with a forecast for the year ended 31st March 2009.

15. INVOICE PAYMENTS

15.1 The Council monitors its performance in relation to the payment of invoices. Whilst for 2008/09 no formal target has been set, an informal target to pay 94% of all undisputed invoices on time (the 2007/08 target of 93% was achieved). A payment is deemed to be "on time" if it is paid within 38 days of the invoice date. Performance against this target varies between departments and, if the target is to be achieved, it is important that any deficiencies in Departments' arrangements are identified and rectified promptly. The performance for the month of July was 95.2%, and the cumulative position for the 4 months to date 94.4%. The performance of each department is shown in the table found at Appendix D.

16. FINANCIAL AND LEGAL IMPLICATIONS

Financial Implications

16.1 This report is solely concerned with financial issues.

Legal Implications

16.2 There are no direct legal implications arising from this report. Peter Nicholls – Head of Legal Services has been consulted on the preparation of this report.

17. OTHER IMPLICATIONS

Other implications	Yes/No	Paragraph referred
Equal Opportunities	No	-
Policy	No	-
Sustainable and Environmental	No	-
Crime and Disorder	No	-
Human Rights Act	No	-
Elderly/People on Low Income	No	-

18. DETAILS OF CONSULTATION

18.1 All departments are consulted on revenue budget monitoring.

Author: Lisa Turner

Date: 21/08/2008

MARK NOBLE
CHIEF FINANCE OFFICER

Key Decision	No
Reason	N/A
Appeared in Forward Plan	N/A
Executive or Council Decision	Executive (Cabinet)

GENERAL FUND REVENUE
BUDGET MONITORING SUMMARY 2008/09

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	Original Budget	Carry forwards	Virements	Revised Budget for Year	Actual Expenditure to Period 3
	£000	£000	£000	£000	£000
Chief Executive's Office	2,735.3	0.0	30.9	2,766.2	964.1
Children and Young People	56,286.3	0.0	575.3	56,861.6	14,215.4
Regeneration & Culture	58,456.6	8.6	(353.3)	58,111.9	13,135.2
Adults & Housing	83,962.0	156.6	(525.2)	83,593.4	19,326.5
Housing Benefit	527.6	0.0	0.0	527.6	131.9
Resources	26,501.3	0.0	1,084.7	27,586.0	7,613.2
Total Departments	228,469.1	165.2	812.4	229,446.7	55,386.3
Corporate Budgets					
Miscellaneous	15,056.4	0.0	(812.2)	14,244.2	
Capital Financing	19,806.0	0.0	(0.2)	19,805.8	
Total Corporate Budgets	34,862.4	0.0	(812.4)	34,050.0	
TOTAL GENERAL FUND	263,331.5	165.2	0.0	263,496.7	
Net Recharges	(2,324.6)	0.0	0.0	(2,324.6)	
TOTAL GENERAL FUND	261,006.9	165.2	0.0	261,172.1	

KEY GROWTH & SAVINGS MONITORING

1. KEY GROWTH

1.1 **City Wardens – Regeneration & Culture Department £0.3m rising to £0.5m by 2010/11**

1.1.2 The main objectives of a city warden service is to:

- Improve the quality of the local environment (on a more pro-active basis);
- To work more closely with local communities in this respect; and
- To provide a visible and approachable “on-the-street” reassuring presence and point of contact for the public.

1.1.3 The service will consist of a manager, two senior and 9 City Wardens together with one enforcement officer. The wardens and senior wardens are the process of being appointed and trained. The manager post is being interviewed for week commencing 18 August. The implementation and launch date is 1 October and publicity and promotional work is being prepared.

1.2 **Empty Homes Officers (£60k)– Adults and Housing Department**

1.2.1 A revised Empty Homes Strategy for the next two years has been agreed with the Cabinet Lead for Housing. The two extra staff are now in post and new ways of working have begun. A number of targets have been established and agreed as part of this strategy and these will be closely monitored.

1.3 **Customer Transformation – Resources Department £0.8m in 2008/09 rising to £1m in 2009/10 and beyond**

1.3.1 The Council's Customer Access Strategy sets an ambitious programme to transform the way our customers engage with the Council. The following spend profile for this growth has been estimated in Table 3 below:

Table 3	2008/09	2009/10	2010/11
	£000's	£000's	£000's
Web	195	270	240
Face to Face	140	250	300
Telephone	190	235	315
Other	275	245	145
	800	1,000	1,000

1.3.2 The objectives to be achieved by April 2009 include:

- Staff clear about their roles and confident in handling comments, compliments and complaints;

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- The comments, compliments and complaints process will be well advertised and easily accessible to the public;
- Robust arrangements in place for monitoring and reporting of complaints, comments and compliments;
- Robust arrangements embedded across the organisation to share best practice;
- The establishment of a Web technology based ICT system that supports the above.

1.4 Member Support (£100k) – Resources Department

1.4.1 This growth bid has been used to enhance the policy, administrative and secretariat support to elected members. Proposed changes to the organisational / staffing arrangements within Democratic Services have been implemented. Arrangements are in place to ensure there will be no slippage. It is envisaged that this growth bid will lead to enhanced support to Members in their differing roles.

1.5 Various IT Growth_ – Resources Department

1.5.1 The table below summarises the various approved IT Growth:

Table 4	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>
	£000's	£000's	£000's
Corporate Complaints Handling	50	0	0
Communications and Marketing	200	0	0
Information management- data document retention.	100	100	0
Software Licences	100	100	100
Network maintenance	0	100	100
<u>Various IT approved growth</u>	450	300	200

1.5.2 Corporate Complaints Handling - This growth bid is to co-ordinate the complaints handling in the Council by having corporate procedures, including a new corporate complaints and members inquiry system. It is expected that the budget for 2008/09 will be fully utilised.

1.5.3 Communications and Marketing – The communications and marketing allocation is linked to the One Leicester strategy and its adoption within the Council. The detail of this is still being developed, with a Cabinet report scheduled for the end of September. Therefore, detailed decisions and plans are currently being agreed on how this allocation is to be utilised. The only expenditure incurred to date is the production of the One Leicester strategy itself and support material – approximately £15,000. The additional funding for corporate identity is dependent on decisions being made about the council's current branding. Details are expected to be agreed within the next two months. In both of the above instances expenditure will be concentrated in the second half of the year.

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- 1.5.4 Information Management (IM) – Data Document Retention - A small team has been established to take a council wide, strategic view of our management of information as a strategic resource. The main priorities include the development of a corporately owned information management strategy. The 100K in each of the next two years mainly covers staff costs. It is expected that this budget will be fully utilised.
- 1.5.5 Software Licences – This growth will be spent on the purchase of a Novell licence costing £150k in 2008/09 and £150k in 2010/11, therefore the budget will be fully utilised over a three year period.
- 1.5.6 Network Maintenance - This funding maintains the Council's local area network infrastructure, which supports around 7,000 devices. The main order is expected to be placed later in the year and hence spend is expected to be in line with the budget.

1.6 City Centre Offices - Resources Department £1.5m from 2009/10 rising to £3m in 2010/11

- 1.6.1 The budget of £1.5m in 2009/10 relates to provision for part-year costs of capital financing for Centrally Located Administrative Buildings (CLABS). This could be utilised towards the costs of a new headquarters or the refurbishment of New Walk Centre (NWC).
- 1.6.2 Owing to the downturn in the property market, delays are unavoidable when considering such a large scheme; however if a decision is made to refurbish NWC, then the budgetary provision is still likely to be required in the financial year 2009/10. A further report will be presented to Cabinet at a date in the future yet to be agreed.

1.7 Transforming Leicester's Learning (£0.5m) – Children & Young People's Services

- 1.7.1 The Transforming Leicester's Learning Action Plan (TLL) is a comprehensive strategy designed to address the issues of low attainment in schools and low aspirations, and to develop and support staff with significant professional opportunities to deliver high quality services to children and young people.
- 1.7.2 The TLL is currently programmed to continue to July 2009. The total budget (reported to Cabinet and Council) for 2008/09 (including this growth) is £5.9m, with a further £1.7m in 2009/10. The funding for the TLL is from a number of sources including the revenue budget, grant income, and an earmarked reserve established for this purpose.
- 1.7.3 Work is currently underway to review progress against the original plan, which may lead to some budget reprofiling. This progress is reported upon on a regular basis to the TLL Overview Board and early indications are that it is achieving its objectives. The STATS results for 2007/08 showed significant improvements.

2. KEY SAVINGS**2.1 Departmental Restructure – Resources Department
£0.5m in 2008/09 rising to £1m in 2009/10 & beyond**

2.1.2 The 2008/09 budget included a saving of £0.5m from a departmental restructure of the Resources Department. This will increase to a saving expectation of £1m in 2009/10. This budget expectation has now been overtaken by events, in that the “delivering excellence” programme envisages radical changes to the top management structure of the Council and to its organisation of support services. It would, therefore, be counter-productive to review the Resources Department at the same time as this work. The £0.5m is therefore being dealt with as a budget pressure within the department as a whole. The issue of the £1m required in 2009/10 will be addressed in the forthcoming budget round.

**2.2 Service Transformation – Adult Services
£1.5m in 2009/10 rising to £2.5m in 2010/11**

2.2.1 At the time these savings were built into the budget it was the council’s intention that consultants would be used to advise where they could be found. Due to the current focus on the “delivering excellence” programme the consultants have yet to commence their work and the Department is currently drawing up a ‘Savings/Efficiency Programme’. This will include a range of efficiencies, re-configurations and service cuts and will be discussed with our lead cabinet members in readiness for the forthcoming budget round.

2.3 Adult Learning (fall out of £0.3m Growth in 2009/10)

2.3.1 The Adult Skills and Learning Service received £300k for 08/09 only to give them time to overcome their budget deficit position following the earlier service review. Options are being drafted for consideration as part of the budget process which should put the service in a position to operate within budget from 2009/10 onwards.

FINANCIAL INDICATORS
Forecast Balance Sheet and Cashflow Items
Period 4: 2008/09

<u>Financial Indicator</u>	Actual as at 1st April 2008 £'000	Forecast at 31st March 2009 £'000
<u>Balance Sheet Items</u>		
Reserves & Balances:		
Earmarked Revenue Reserves	58,138	53,052
Earmarked Capital Reserves	5,576	4,600
Housing Revenue Account	4,574	4,489
Debtors (excl. Bad Debts Provision)	86,861	91,922
Creditors	(90,280)	(93,569)
Long-Term Borrowing	285,090	255,599
<u>Cashflow Movements</u>		
Increase/(Decrease) in all borrowing	(48,752)	(31,262)

**INVOICE PAYMENT STATISTICS
APRIL 2008 TO JULY 2008 (4 MONTHS)**

	INVOICES PAID "ON TIME"	
	July %	Year to Date %
ADULTS & HOUSING	94.1	92.7
CHILDREN & YOUNG PEOPLE	95.8	94.2
REGENERATION & CULTURE	96.6	96.4
RESOURCES	94.3	94.3
TOTAL	95.2	94.4

2008/09 TARGET: 94%