

SOCIAL AND ECONOMIC DEVELOPMENT REVENUE BUDGET OUT-TURN 2002/03 AND BUDGET MONITORING 2003/04, PERIOD 1-4

Report By: Principal Accountancy Manager

Wards Affected

Countywide

Purpose

1. To advise members of the revenue budget out-turn 2002/03 and actual net revenue expenditure against budgets for Social and Economic Development service areas to period 4 of the financial year 2003-2004.

Financial Implications

2. All budget variances are to be noted within the context of the overall net revenue budgets for 2003-2004. Any over or underspends have been or will be carried forward under the financial regulations of Herefordshire Council.

Considerations

3. The monitoring report for period 4 is attached as Appendix 1 for Members consideration. The report shows the revised budget, including carried forward over and underspends from 2002-03, with actual performance, variances and projected out-turns for the main service areas within Social and Economic Development.
4. Social Development reported an overall overspend of £191,000 for 2002-03. Significant items included an overspend of £172,000 on grounds maintenance work in the Parks and Countryside Service, and the accumulated deficit in respect of Leisure Contracts of £138,000 which dates back to 2001-02. Underspends were generated by the Youth Service, Heritage and Archive services and Management and Administration.
5. The overspend in respect of Parks and Countryside is a combination of inflationary increases in contracts over the level that the council budgets for, plus the additional costs of maintaining adopted land. This has been an on-going revenue pressure and in 2001-02 the overspend of £180,000 was written off against the commuted sums reserve held by the service.
6. The accumulated Leisure Contracts deficit at the beginning of 2002-03 was £415,000. This was reduced significantly during the year by the application of reserves held by the Directorate as well as some backdated business rate refunds following the revaluation of facilities.
7. The 2002/03 outturn position for Economic Development was an underspend of £150,000. This was mainly due to Herefordshire Plan and Support receiving a significant amount of Objective 2 retrospective funding in respect of expenditure incurred in 2001-02. Economic Investment and Development committed budgets

towards a number of feasibility studies which will now take place in 2003-04 so their underspend will be carried forward to meet these costs.

8. For 2003-04 the budgets for some major items of expenditure such as the grant payments to the Courtyard and the management fee to HALO have been profiled to closer reflect the actual payment timescales. All other budgets to date are split into 1/12's. Further re-profiling will be undertaken as more consistent expenditure patterns are identified.
9. Cultural Services has a significant overspend for the period, this is primarily due to grants and partnership funding contributions to tourism and arts projects being made ahead of the profiled budgets.
10. The Countryside Service shows no significant variance to date, however a large recharge for grass-cutting work from HCS will feature in period 5, reflecting more closely the true position.
11. The overspend on grounds maintenance will continue in the current year for the same reasons as outlined in paragraph 5 above, however the overspend should be less than the previous year due to an additional £45,000 added into the base budget.
12. It is assumed that expenditure from September onwards (when much of the work will be undertaken by Jarvis) will be constrained within existing budgets. This being the case the accumulated projected overspend will be at least £200,000. A more accurate outturn estimate will be possible later in the year.
13. Leisure Client expenditure includes the first instalment of the HALO management fee which was paid in April, the second instalment is due in September. Budgets for other costs including leased equipment and building maintenance are spent regularly throughout the year.
14. The Youth Service is significantly underspent at present, a large amount of grant income has been received which will be matched with expenditure when projects are delivered. The carried forward underspend has been committed on several projects which have not yet fully commenced.
15. The Library Service includes several new budget allocations for initiatives to assist in meeting library standards. These initiatives are still being developed, consequently the spend is slightly behind the budget profile.
16. The deficit on Leisure Contracts of £138,000 brought forward from 2002/03 is being dealt with. Following discussions with the Leisure Trust it is expected that this deficit will be eliminated over the next few years.
17. Economic Development shows a significant underspend for the period. The carried forward underspend from 2002-03 has been allocated to a number of projects and feasibility studies yet to reach the stage when payment is due.
18. The budgets for Economic Investment and Local Development include provision for several grants and partnership contributions that are still to be paid.

RECOMMENDATION

THAT the position be noted.