

BUDGET MONITORING 2003/04**Report By: County Treasurer****Wards Affected**

County-wide

Purpose

1. To report on the position with regard to revenue budget monitoring for Programme Areas in 2003/04.

Financial implications

2. Appendix 1 shows the details of the spending as at 31st July 2003 for each Programme Area, together with the projected outturn for 2003/04.
3. The budgets shown for 2003/04 include the final carry forwards from 2002/03.

Education

4. A very large proportion of the Education budget is delegated to schools. Any underspendings, or indeed overspendings should they occur, in the schools budgets will automatically be carried forward into next year under the statutory arrangements for delegation to schools.
5. As far as the non-schools budgets are concerned there is a carry forward of £927,000 from 2002/03. However, the carry-forward is already committed to 2003/04 expenditure on the Whitecross PFI scheme, and the LEA contribution to those Standards Funds and elements of National Grid for Learning that were brought forward from 2002-03.
6. At this stage in the year it is anticipated that expenditure will be contained within the overall budget. Some transfers between schools and LEA budgets are necessary largely to reflect additional information received since the budgets were constructed and approved. The most significant transfer is in respect of the newly delegated to schools "banded" funding for pupils with SEN in primary schools which begins in September, 2003. A proportion of the provision for banded funding was included in the LEA budget as a central provision for pupils with SEN.

Policy and Finance General

7. At this early stage in the year no significant overspendings or underspendings have been identified for Policy and Finance General with the exception of Land Charges, which is mentioned below. This assumes that the budget carry forwards of £1,232,000 from 2002/03 will be spent during 2003/04. There are already significant commitments against this sum, including the Chief Executive's Development Fund and the Treasurer's investment in new systems for payroll, cash receipting and housing benefit.

8. It is clear that there will be a very significant shortfall of income from Land Charges due to the increasing use of private firms to carry out personal searches. The shortfall of income of £95,000 in 2002/03, was met from reserves. The shortfall is estimated at £100,000 for 2003/04. In addition following the non – achievement of the BVPI in relation to dealing with search requests, the Environment Directorate has taken on extra staff which are to be paid for from search income. The cost of providing this staff (£50,000) increases the potential deficit to £150,000.
9. It has been assumed that the additional costs of job evaluation, at present £46,000, and the externalisation of Commercial Services (£78,000) will be met from reserves or in the case of the externalisation as part of the transfer arrangements
10. There are suggestions that the Combined Fire Authority might issue a supplementary levy of perhaps £60,000 on the Council in 2003/04 but no such levy has been approved to date.

Policy and Finance Property

11. The projected overspend on Property of £802,000 includes £524,000 brought forward from 2002/03. £379,000 of this overspend is the deficit on the Markets and Fairs budget. Income has now increased from the markets and the capital investments in creating new car parking provision, should increase income in total by between £80,000 and £100,000 p.a in future years
12. In addition the deficit on income from the Industrial Estate is expected to rise from £188,000 to £388,000 in 2003/04. The cause can be attributed to an increasing number of Industrial Units becoming vacant and the sale of leases resulting in lower income. The recovery plan for the Industrial Estates include a more active marketing strategy, sub-division of the larger units into smaller more lettable units and capital investment in the general refurbishment of the dilapidated units to make them more attractive for letting.

Environment General

13. The most obvious pressure identified so far is in the Travellers Services budget. An overspending during 2003/04 of perhaps £70,000 looks very likely. Cemetery income has been higher than budget during the first part of the year. The other budgets are on target.

Environment Regulatory

14. Spending on Environment Regulatory is very much in line with the budget at present. Budget pressures are increasing in respect of Landfill and Contaminated Land and Licensing but it is hoped at this stage to contain these potential overspendings within the overall budget.

Planning

15. During the first four months of the year no significant variations have been identified except for additional development fee income of around £50,000. It is too early to say if this increased income will be maintained throughout the year. The report assumes that the Planning Development Grant of £320,000 will be spent during 2003/04.

Social Care

16. The projected year end position for Social Care is an over commitment of £455,000, after incorporating the 2002/03 overspend brought forward of £582,000.
17. This shows some impact on the overall spend and the objective of balancing the budget overall.
18. The intention is to continue on this basis but there are risks in the children's services area from lack of capacity in the foster parents resource and the need to find other placements. There is also the imperative to improve the performance on delays for older people and intensive home care which will remain challenging in terms of budget management.

Strategic Housing

19. The projected year end position is an underspend of £4,000. The risk area is spend on homelessness. At this stage, the projected outturn is on target for strategic housing as a whole.

Social Development

20. The main budget issue is the continuing shortfall in the budget for Parks and Countryside, which shows a projected deficit of around £200,000 in 2003/04, including £172,000 in the 2002/03 carry-forward. The remaining budgets are broadly on target.

Leisure Contracts

21. The deficit on Leisure Contracts of £138,000 brought forward from 2002/03 remains to be dealt with. Following discussions with the Leisure Trust it is expected that this deficit will be eliminated over the next few years.

Economic Development

22. Spending on Economic Development is within budget at present and no major variances are currently predicted. The carry-forward from 2002/03 of £150,000 included significant amounts for 2003/04 projects.

23. Financial Transactions

Investment interest received and debit interest paid is at present in line with the budget.

Conclusion

24. The projected net overspending of £1,723,000 shown is obviously just on the 1% set for total overspendings permitted by the Financial Regulations. The Regulations allow overspending of up to 2% of the Budget for individual Programme Areas subject to a 1% limit for the whole Council. Careful monitoring and appropriate action where necessary will be required to ensure the overall limit is not exceeded at the year end.

RECOMMENDATION

THAT the report be noted.

BACKGROUND PAPERS

Report to Cabinet – 4 September 2003.