

## **MONITORING OF 2003/2004 SOCIAL AND ECONOMIC DEVELOPMENT REVENUE BUDGETS PERIOD 1-7**

**Report By: Principal Accountancy Manager**

### **Wards Affected**

County-wide

### **Purpose**

1. To note the actual net revenue expenditure against budgets for Social and Economic Development service areas to period 7 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 will be carried forward under the financial regulations of Herefordshire Council.

### **Considerations**

3. The monitoring report for period 7 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 expenditure, variances and projected out-turns for the main service areas within Social and Economic Development.
4. The carried forward overspend of £172,000 in respect of Parks and Countryside resulted from a combination of inflationary increases in contracts over the level applied to council budgets and the additional costs of maintaining adopted land. This has been identified as an on-going revenue budget pressure for a number of years. For 2003-04 onwards the shortfall has been partially mitigated by a base budget increase of £45,000, however this is still not sufficient to meet the in-year deficit in full.
5. As was the case in 2001-02, the £172,000 overspend has now been written off with a transfer from the commuted sums reserve.
6. The carried forward underspend of £48,000 previously indicated under the Management and Administration heading has been vired to the Policy and Finance area, to meet costs relating to the restructure of the Directorate Support Unit.
7. The accumulated deficit from the operation of Leisure Facilities prior to the HALO (Leisure Trust) externalisation continues to be the subject of negotiations. The deficit will be reduced during 2003-04 and will be cleared in full by 2005.

8. For 2003-04 the budgets for some major items of expenditure such as grant payments to the Courtyard and the management fee to HALO have been profiled to closer reflect the planned 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 due to grants to The Courtyard and partnership funding contributions being paid ahead of the profiled budgets.
10. The final Herefordshire Commercial Services settlement for Parks & Countryside grounds maintenance has been paid. Charges raised by Herefordshire Jarvis Services have yet to be allocated to specific service headings whilst new payment and coding procedures are developed, consequently a significant service underspend currently exists.
11. It is anticipated that the overspend on grounds maintenance will continue in the current year for the same reasons as outlined in paragraph 4 above, albeit mitigated by the base budget increase.
12. The budget profile for the Leisure Client heading anticipated payment of the second instalment of the HALO management fee in September. The invoice was not received until late October so the cost will not feature until period 8, consequently there is a significant underspend for period 7.
13. 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. There are several vacancies causing an underspend on employee budgets.
14. The Library Service received several new budget allocations for initiatives to assist in meeting library standards. These initiatives have not been fully implemented yet, consequently expenditure is behind the budget profile.
15. Heritage Services have received several grants in advance, which will be spent in full. A revenue contribution to capital in relation to the Friar Street project will be made at year-end.
16. Economic Development shows a significant underspend for the period. The carried forward underspend from 2002-03 has been vired to the Management heading as a temporary measure, pending decisions on its final allocation.
17. The budgets for Economic Investment and Local Development include provision for several grants and partnership contributions that are still to be paid. Herefordshire Plan support includes several grants in advance that are yet to be spent in full.

## **RECOMMENDATION**

**THAT the position be noted.**

## **BACKGROUND PAPERS**

- None