

BUDGET MONITORING 2003/04

PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

29TH JANUARY, 2004

Wards Affected

County-wide

Purpose

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

Key Decision

This is not a Key Decision

Recommendation

THAT the report be noted.

Reasons

Reports are regularly presented to Cabinet as part of the Council's Performance Management arrangements. Cabinet Members will discuss the individual Programme Area figures with their Directors and Departmental Managers as appropriate.

Considerations

1. Appendix 1 shows the details of the spending as at 30th November, 2003 for each Programme Area, together with the projected outturn for 2003/04.
2. The budgets shown for 2003/04 include the final carry forwards from 2002/03.

Education

3. 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.
4. It is expected that the net expenditure on the non-schools budgets will be contained within the budget. The main spending pressure area is home to school transport where costs are continuing to rise above the general level of inflation.

Further information on the subject of this report is available from
David Keetch, Assistant County Treasurer on (01432) 260227

Policy and Finance General

5. It is clear that there will be a significant shortfall of income from Land Charges because of 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 now estimated at £90,000 for 2003/04. In addition, following the non-achievement of the Best Value Performance Indicator (BVPI) in relation to dealing with search requests, the Environment Directorate has recruited extra staff which are to be paid for from search income. The cost of additional staff (£50,000) potentially increases the deficit to £140,000, which will need to be met from the Council's general reserves.
6. Spending on e-Modernisation is low compared to the budget at present. An underspending of £564,000 is predicted despite spending accelerating during the remainder of the year. As sufficient external funding can be carried forward into 2004/05, the underspending is not a major concern in financial terms.
7. Some of the Treasurer's Department underspending brought forward from 2002/03 (£160,000) is expected to be carried forward in 2004/05 to meet the cost of the new Revenues and Benefits systems etc.
8. Members' expenses will be overspent by approximately £37,000 primarily because of the need to fund the cost of the IT support costs for Members' pc links and laptops.
9. It has been assumed that the additional costs of undertaking the job evaluation process, estimated at £100,000 for the year, and the externalisation of Commercial Services (£109,000) will be met from reserves. In the case of the externalisation, these costs will be met from mobilisation payments received as a result of the transfer.
10. The latest report to the Combined Fire Authority indicated that a supplementary levy for constituent authorities would be necessary for 2003/04. The estimated share for Herefordshire Council would be £68,000. A final decision will be taken at the Fire Authorities' February meeting. Any additional costs would be met from reserves.

Policy and Finance Property

11. The projected overspend on Property has increased marginally to £757,000, including £524,000 brought forward from 2002/03. £379,000 of this overspend is the deficit on the Markets and Fairs budget. The rent reviews at the Cattle and Butter markets have reduced income levels so this deficit is expected to rise to £420,000 this year. The capital investment in creating new car parking provision, should increase income in total by between £80,000 and £100,000 per annum in future years. However, the income being received each month is only just beginning to build up.
12. In addition, the projected deficit on income from the Industrial Estate has again risen to £475,000 because of Industrial Units becoming vacant and the sale of leases resulting in lower income. Income from shops transferred from Housing following the stock transfer will, however, produce a surplus of £100,000 in 2003/04.

Environment General

13. Spending continues to be in line with the budget in overall terms. An overspending on the Waste Collection contract is expected because of the costs of indexing the contract but this is being largely offset by additional Trade Waste charges. The Travellers budget is likely to be overspent by around £30,000 although rental income is coming in more steadily this year. The income for Cemeteries and the Crematorium is above budget by approximately £80,000 for the first eight months of the year.

Environment Regulatory

14. Spending on Environment Regulatory is very much in line with the budget at present, with most services showing modest underspendings. Budget pressures are increasing in respect of Landfill and Contaminated Land and Licensing but these are being contained.

Planning

15. The main variation is additional fee income received to date this year. Difficulties in recruiting staff is producing staffing savings especially in building control. In total, the estimated outturn suggests an underspending of around £100,000 during the year. The report anticipates that the Planning Development Grant of £320,000 will be fully committed although possibly not spent during 2003/04.

Social Care

16. The projected year end position for Social Care is an over commitment of £316,000, after incorporating the 2002/03 overspend brought forward of £582,000.
17. The objective remains to balance the budget overall (including the 2002/03 overspend). The current position shows progress against this objective. However, in light of the continuing financial risks within the budget a cautious but proactive approach has been taken.
18. 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. Financial risks of Free Nursing Care income and potential loss of income from Fairer Charging remain.

Strategic Housing

19. The projected year end position is an underspend of £100,000, after incorporating the 2002/03 underspend. It is not expected that there will be an underspend in future years. The reason for the expected underspend in this year is the time taken to review services and recruit to all posts within the new Strategic Housing function and also reflects the cautious approach taken to committing to expenditure in the first year following transfer. The risk area is spend on homelessness although this is currently underspending and no adverse circumstances are known.

Social Development

20. The only significant budget issue remaining is the expected overspend in 2003/04 of Parks and Countryside which is now estimated at £130,000. This has been assisted by meeting the overspending brought forward from 2002/03 out of the sums held in respect of open spaces commuted sums.

Leisure Contracts

21. Discussions are continuing with the Leisure Trust in order to eliminate this deficit during 2003/04.

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 currently expected to be £220,000 better than budgeted mainly owing to relatively slow capital programme expenditure.

Conclusion

The projected overspending for the year is now £421,000, which is well within the Council limit of 1%. The improved position reflects the continuing reductions in the expected overspendings for Social Care together with a projected underspending of £564,000 for modernisation.

Revenue Reserves position as at 12th December, 2003

The estimated value of reserves as at 31st March, 2004 is estimated to be some £2,050,000. This takes account of a likely underspending on capital financing costs during the year and the final Herefordshire Commercial Services position, offset by potential call on reserves in relation to Land Charges etc. The figure also takes account of authorised approvals during the course of the financial year. The County Treasurer will advise further at the meeting.

Alternative Options

There are no alternative options.

Consultees

None identified.

Background Papers

None identified.