

MONITORING OF 2004/2005 REVENUE BUDGETS FOR SOCIAL, COMMUNITY AND ECONOMIC DEVELOPMENT PROGRAMME AREAS PERIOD 1-5

Report By: Principal Accountancy Manager

Wards Affected

County-wide.

Purpose

1. To advise Members of the actual net revenue expenditure against budget for Social, Community & Economic Development programme areas to period 5 of the financial year 2004-2005.

Financial Implications

2. All budget variances are to be noted within the context of the overall net revenue budgets for 2004-2005. Any over or underspends will be carried forward under the financial regulations of Herefordshire Council.

Considerations

3. The monitoring report for period 5 is attached as Appendix 1 for consideration. The report shows the revised budget, including carried forward over and underspends from 2003-04, with actual performance, variances and projected out-turns for the main service areas within Social, Community and Economic Development.

Social Development

4. The second column of the appendix shows an overall carried forward underspend of £195,330 for Social Development. Adjustments were made for the Parks and Countryside overspend of £161,000 which was written off against the commuted sums reserve, a £10,000 contribution to Policy and Finance for the Plough Lane move and an underspend of £34,000 from Policy and Finance (Info) transferred to Libraries towards a new booking system.
5. All carried forward underspends were allocated to the appropriate services following a full and detailed review of the planned expenditure.
6. The £161,000 overspend for Parks and Countryside related to inflationary increases over council budget allowances, the cost of maintaining adopted land and various emergency repairs and maintenance costs incurred during the year. For 2004-05 an additional £79,000 has been allocated to the service, however it is unlikely that this will fully address the shortfall in the budget.
7. Unanticipated maintenance costs during the year meant that the accumulated Leisure Contracts deficit was not reduced as planned, however a recovery plan is now in place that should enable the deficit to be reduced in full over the next 2 to 3 years.

8. The Leisure Client underspend included £40,000 from the 2003-04 Sydonia Pool subsidy. This will be ring-fenced to fund revenue costs associated with the new North Herefordshire Pool.
9. The Youth Service underspend resulted from the difficulties in recruiting staff and also the additional income generated from lettings. The Heritage Service generated planned underspends over several headings to enable an additional revenue contribution to be made to the Friar Street capital project.
10. The 2004-05 Social Development budgets including the profiling of major items of expenditure such as grant payments to the Courtyard and the management fee to HALO to closer reflect the actual payment timescales. All other budgets to date are split into twelfths. Re-profiling will be undertaken for other large items such as HJS payments once there is a clear pattern of expenditure to base the profile on.
11. At period 5 Social Development demonstrated an overall underspend of £319,858 against the period budget. Detailed analysis of the variances is shown in the appendix.
12. Parks and Countryside is underspent by £71,619 due to payments to HJS being made in arrears and the time taken to check and verify the monthly application.
13. The Leisure Client heading is underspent as no expenditure has been incurred on the current and carried forward Sydonia Pool budgets. In addition, costs for leased equipment and premises insurance are still to be charged.
14. The Youth Service continues to underspend on staffing due to recruitment difficulties. This also impacts on operational budgets in the current year and on specific projects to be funded from carry forwards, which cannot commence until staff are employed. A new round of recruitment recently commenced.
15. The library Service underspend is due to having received funding from Education for the provision of the schools service early in the year, in advance of any expenditure being incurred.
16. The Leisure Contracts deficit appears to have increased however this is simply a timing issue. The purchase of new fitness equipment has been allocated to this heading pending its lease. Once the lease draw down is completed the expenditure will be matched with a lease credit.
17. At this stage of the year it is very difficult to predict an outturn for a programme area with so many varied services. An initial estimate based on known issues would suggest an overspend in the region of £120,000. The final outturn position will be influenced by the extent to which the Youth Service recruitment drive attracts new youth workers.
18. It is likely that Parks and Countryside will again overspend since the £79,000 additional budget allocation was less than that required to meet the built-in deficit in respect of inflation and adopted land. The service also has budget pressures from Britain in Bloom, which are the subject of a separate review.
19. Whilst it is anticipated that some progress will be made in reducing the Leisure Contracts deficit, it is still likely to be in the region of £100,000 at year-end.

Community and Economic Development

20. The outturn position for Community & Economic Development in 2003-04 was an underspend of £354,500, however this included the £150,000 underspend from 2002-03, so the in-year underspend was £204,500.
21. Underspends for Community & Economic Development were due to staff vacancies over all teams, contributions to externally funded projects being delayed and various planned projects and studies not yet required. In addition, £30,000 of base budget remained unallocated so no expenditure was incurred.
22. 2003-04 underspends were allocated to specific team budgets following a full and detailed review of expenditure plans. The 2002-03 underspends have been earmarked to support reductions in external funding over future years and have initially been allocated to the Management and Administration heading.
23. Community & Economic Development budgets for 2004-05 also feature profiling of budgets in order to more accurately reflect the timing of grant payments and partnership contributions.
24. At period 5 Community & Economic Development showed an underspend of £292,639 against the profiled budget. Vacancies across all teams accounted for some £50,000 of the variance. The balance results from a combination of studies and projects yet to commence and grants for various schemes such as Community Buildings yet to be paid out.
25. At this stage of the year it is difficult to accurately predict an outturn, however should all planned expenditure for projects and studies occur within the financial year and the current trend in vacancies continue, it is likely that there will be an overall underspend of some £300,000. A large proportion of this underspend represents the earmarked funds for future shortfalls in external income.

RECOMMENDATION

That the position be noted.

Background Papers

- None identified.