

BUDGET MONITORING 2004/05

PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

9TH SEPTEMBER, 2004

Wards Affected

County-wide

Purpose

To note the position with regard to revenue budget monitoring for Programme Areas in 2004/05.

Key Decision

This is not a Key Decision

Recommendation

THAT the report be noted.

Reasons

Reports are 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 31st July, 2004 for each Programme Area, together with the projected outturn for 2004/05.
2. The budgets shown for 2004/05 include the final carry forwards from 2003/04. No adjustment has yet been made for the amount required to meet the capping of £300,000. A report will be presented to the next meeting of Cabinet.

Education

3. A very large proportion (80%) of Education budget is delegated to schools. Any under or over spending in school budgets will be automatically carried forward into the next financial year under the statutory arrangements for delegation to schools.
4. As far as the non-schools budget is concerned there is a carry forward of £1,415,000 from 2003/04 of which £1,011,000 is for existing commitments, mainly for schools and government funded grants. The remaining carry forward (£404,000) has been used to fund one-off contributions to summer capital projects (£277,000), additional provision for Whitecross PFI fees (£41,000) and support for schools in special measures (£40,000).

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

5. At this early stage in the year it is anticipated that final expenditure will be within the overall budget after accounting for the carry forward of Standards Fund, the Schools' sickness scheme and PFI balances at next year-end. Trends evident to date suggest that underspends on transport and early years are likely and that higher budgets will be needed for the PFI set-up fees and centrally funded SEN support costs. A detailed budget review in the autumn is planned to verify these early trends.

Policy and Finance General

6. At this early stage in the year no significant overspendings or underspendings have been identified for Policy and Finance General. This assumes that the budget carry forwards of £1,986,000 from 2003/04 will be spent in full during 2004/05. There has already been significant spending against this sum, including amounts from the Development Fund, I.T and the Treasurer's investment in new systems for Council Tax and Housing Benefit. Based on the information at present, it would be reasonable to anticipate an underspending of £500,000 across all services during 2004/05.
7. It has been assumed that the ongoing costs of the job evaluation process, at present £35,000, will be met from reserves.

Policy and Finance Property

8. The projected overspend for Property of £492,000 includes £433,000 brought forward from 2003/04. The two major problems are the Markets and Fairs deficit brought forward from previous years which is remaining steady but not declining (£383,000) and the shortfall on Industrial Estates income which by the year end is expected to reach £400,000. The two overspendings are offset by savings on other services and additional retail income of £172,000.

Environment General

9. No particular budget issues have been identified so far, with the exception of Waste Disposal.
10. The Waste Disposal P.F.I contract budget is expected to be underspent by around £500,000 largely due to the sums included for additional costs following renegotiation not being required until 2005/06 and 2006/07. In addition the costs for the existing contract are anticipated as being lower than the budget assuming existing volumes are maintained. Any underspending will be transferred to the Council's General Reserves in line with current policy.

Environment Regulatory

11. Spending on Environment Regulatory is very much in line with the budget at present. Vacancies seem likely to produce modest savings of some £30,000 during the year.

Planning

12. During the first four months building control and development fee income is above budget by approximately £150,000. Staff savings due to vacancies have led to an underspending during the period of approximately £60,000. Unless the vacancies can be quickly filled a net underspending of at least £300,000 can be anticipated during 2004/05. Any additional fee income during the remainder of the year will increase this figure.

Social Care

13. The Social Care objective remains that of budget balance. There is a high risk that this may not be achieved, even though every effort will be made to do so. The Social Care budget is under considerable pressure this year from rising demand and costs across both children and vulnerable adults services. Unusual trends are showing at the first quarter.
- Children's services are experiencing higher costs in both residential and foster placements, including transport.
 - Learning Disability Services have lost Supporting People Grant and have more complex user needs to meet.
 - Mental Health Services (integrated with the Primary Care Trust) are experiencing increased demand.
 - Older People's Services have experienced the same number of requirements to pick up care home funding from people who previously funded themselves in the first quarter as for the whole of last year.
14. The risk assessment suggests a projection of £700,000 over-commitment (including the £245,000 debt carried forward). The underlying trend, if no action was taken, would be for a £1,450,000 over commitment at the end of the year, which is neither acceptable nor sustainable.
15. Robust management action is being taken to rectify the position. This will have an impact on the capacity to deliver services.

Strategic Housing

16. The projected year-end position is a balanced position, after incorporating the 2003/04 underspend. The General Fund is currently underspending as a result of staff vacancies and associated costs, but there are plans in place which will increase the rate of spend. The risk area is spend on homelessness, which is currently underspending, and no adverse circumstances are known.

Economic Development

17. Spending on Economic Development is within budget at present. Staff vacancies are expected to generate modest savings during the year. The carry-forward from 2003/04 of £355,000 included significant amounts for 2004/05 projects. In addition £121,000 from the carry forward has been allocated to cover expected income shortfalls in future years.

Social Development

18. An overall break-even position is currently anticipated. All carry forwards from 2003/04 services have been carefully reviewed. Recruitment problems are likely to generate further underspendings for the Youth Service. The additional budget of £79,000 allocated for grounds maintenance is unlikely to be sufficient to fully absorb the adopted land and inflationary issues that have impacted on the outturn in previous years. Some progress should be made in reducing the accumulated leisure deficit but it is unlikely that the position will be fully recovered in 2004/05.

Financing Transactions

19. A net underspending of £320,000 is expected during 2004/05 primarily as a result of debt rescheduling and slippage of the capital programme.

Conclusion

20. The projected 2004/05 outturn for the Programme Areas is an underspending of £304,000. In broad terms the expected overspendings on Social Care and Property have been more than offset by savings on Planning, the Waste Management P.F.I contract and some residual amounts left over from the carry forward from 2003/04.

Revenue Reserves Position as at 16th August 2004

21. The estimated value of general reserves as at this date total £3,725,000 incorporating the prudent reserve of £3,000,000. This sum reflects all the transactions in the 2003/04 accounts. In addition the Council hold earmarked reserves including amounts in respect of the Magistrates Courts and Waste Management P.F.I, in anticipation of future commitments. At this stage, no account has been taken of potential underspendings during the course of the current financial year.

Alternative Options

There are no alternative options.

Consultees

None identified.

Background Papers

None identified.