

SCRUTINY COMMISSION – 13TH JULY 2006

REPORT OF THE DIRECTOR OF RESOURCES

REVENUE BUDGET MONITORING 2006/07

Purpose

1. To provide members with an early indication of any major issues on the revenue budget.

Background

2. The information contained within this report is based on experience in the latter part of 2005/06 after the 2006/07 budget was set and the pattern of income and expenditure for the first two months of this financial year. As a result the forecasts should only be regarded as initial indications of the main potential variances.

Children and Young People

3. An overspend of around £900,000 (1.5%) is being projected, approximately £500,000 of relates to the Schools block. At this very early stage it is difficult to forecast with any degree of confidence especially given the number of demand led budgets where there can be significant differences between academic years.
4. The Department for Education and Skills (DfES) has announced final Dedicated Schools Grant allocations for 2006/07. The figure for Leicestershire is £380,000 less than anticipated, as the pupil numbers in the DfES calculations are lower than estimated.
5. Overspendings are currently forecast on budgets for the Education Psychology Service (£180,000) because of a delay in achieving the budgeted saving, Student Support Service (£90,000), School Meals (£70,000) and Mentor Teachers (£40,000). Action is being taken to address issues within the overall budget. If it is not possible to contain Schools expenditure within the reduced amount of DSG the deficit will be carried forward and top sliced from the quantum for 2007/08
6. Children's Social Care budgets are projected to overspend by around £170,000 (0.7%), mainly due to increased demand on Fostering and Adoption, increased legal expenses and increased expenditure on Direct Payments, offset by savings on Home Care for Children and Families.

Adult Social Services

7. At this stage the Department is forecasting outturn to be on budget. Employee vacancy savings of around £850,000 are offset by additional agency staff costs of around £700,000 and pressures on Transport budgets.

8. There are potential risks around partnership working and funding from Primary Care Trusts, the full achievement of efficiency savings and the full generation of assumed additional income from increased client charges. It is too early to quantify these risks but these areas will be closely monitored.

Highways and Transportation

9. At present an overspend of around £100,000 (0.3%) is forecast, due to a higher than expected increase in costs when the street lighting energy contract was renewed.

Waste Management

10. An underspend of around £1,100,000 (5.6%) is forecast. This mainly relates to a saving of around £750,000 on growth allowed for the new contract for Recycling and Household Waste Sites. Reduced tonnages going to landfill are estimated to result in an underspend of £350,000. A note explaining how the budget is compiled is attached as appendix B. This was requested at the previous meeting of the Resources Scrutiny Committee.

Financing of Capital

11. Financing of Capital is currently forecast to be around £400,000 (1.4%) lower than the original budget. This mainly relates to a change in financing arrangements regarding 2006/07 capital expenditure on Intergrid Schools from supported borrowing to government capital grant.

Summary

12. At stage in the year an underspend of approximately £0.5m (0.2%) is forecast but this is based on limited information.

Equal Opportunities Implications

None.

Background Papers

None.

Members Circulated Under Sensitive Issues Procedure

None.

Officer to Contact

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