

SCRUTINY COMMISSION - 28TH MARCH 2007**REPORT OF THE DIRECTOR OF RESOURCES****2006/07 REVENUE BUDGET MONITORING****Purpose**

1. To report the results of the latest budget monitoring exercise.

Policy Framework and Previous Decision

2. The report is based on the budget approved by the County Council in February 2006 as amended by subsequent cabinet decisions.

Background

3. The information contained in this report is based on income and expenditure for the first ten months of this financial year. The results are summarised in Appendix A and show a forecast underspend of £7.2m (2.5%), before any carry forwards or contributions to earmarked revenues. Since the last report to Scrutiny Commission the underspend has increased by £1.5m mainly as a result of increased underspends on waste, Adult Social Care and financing of capital.
4. The summary includes a new system of 'traffic lights' highlighting areas of potential concern: 'green' indicates services projected to be either underspending or on budget, 'amber' indicates net overspends of 2% or less and 'red' indicates overspends of more than 2%.

Children and Young People**Schools**

5. The Schools budget is forecast to underspend by around £700,000, compared with a forecast underspend of £900,000 in the previous exercise. The underspend on the Schools budget will not impact on the County Fund as it must be carried forward to next year under DSG conditions.
6. Major changes from the previous exercise include a reduction of around £150,000 in the forecast underspend on Statementing and the identification of an overspend of around £90,000 on the Student Support Service. Major variances include:-

	£000	% of budget	
Dedicated Schools Grant	380	-0.1%	DfES final allocation lower than anticipated due to lower pupil numbers than anticipated.
Management / Support	110	53.5%	Additional costs associated with senior management restructure.
Statementing – Mainstream	-510	-40.9%	Income higher than anticipated due to more city pupils in county schools, closer scrutiny of requested enhanced packages and tightening of criteria.
Out-County Placements / Recoupment	50	0.8%	Increased number of pupils placed in out-county schools.
NotSchool net Programme	-60	-71.8%	Slippage in appointment of staff etc.
Student Support Service	90	3.4%	Effects of staff sickness and travel costs.
Children's Centres Teachers	-350	-100%	Delays in phase II Children's Centres / expenditure to be charged to General Sure Start Grant.
Nursery Education Funding	-110	-1.0%	Demand not as high as forecast.
Early Excellence Centre	-100	-59.3%	Most of 06/07 expenditure to be charged to General Sure Start Grant.
Early Years Training & Develop.	-90	-100%	Expenditure to be charged to General Sure Start Grant.
Common Admissions Policy	-50	-98.5%	Slippage on training costs
School Food Support Service	120	71.9%	Mainly due to decrease in paid meals / increase in free meals and shortfall in delegation.
LMS contingencies	-300	-50.9%	Savings on non-domestic rates revaluations
Special Staff Costs	160	18.1%	Schools submitting late claims for maternity cover.
Premature Retirement Costs/ Teachers Superannuation	70	32.3%	Significant number of PRCs/ redundancies at the end of 05/06 and in Autumn Term.
Education Quality Enhancement	-50	-13.2%	Moratorium on new projects has created a saving on this budget.

Non Schools

7. A net underspend of around £220,000 (0.5%) is now being projected. The previous report projected a £230,000 (0.5%) net underspend.
8. The LEA Block is currently forecast to have a net underspend of around £400,000 (1.7%); major variations include:

	£000	% of budget	
Directorate – Professional Development	-180	-69.6%	Due to budgetary pressures within the Dept. further commitments were restricted
Management / Support	50	53.5%	Additional costs associated with senior management restructure.
School Improvement & Performance	-210	-16.4%	Staff vacancies and stringent financial control on spending.
Comenius East Midlands (Language project)	-50	n/a	Carry forward of £40,000 required.
Educational Psychology	90	6.0%	At present service unable to meet reduction made to core funding
Youth Work	-90	-2.3%	Savings on ongoing revenue grants, staff turnover and use of premises.
Community Plus	70	64.7%	Payment of Wardens and Principals community allowances extended for whole financial year.
Mentor Teachers	-230	-100%	All expenditure to be charged to General Sure Start Grant, to maximise spending on this grant
School Crossing Patrols	-60	-19.4%	Saving on non-replacement of vacant post and significant savings on recruitment costs for patrols.
Admin & Committees / Health & Safety	-90	-12.7%	Underspend on staffing / increased income.
Student Finance	-50	-12.0%	Post being met by grant and various savings on running costs.
Premature Retirement Costs/Teachers Pension Scheme	360	32.3%	Significant number of PRCs/ redundancies at the end of 05/06 and in Autumn Term.
Human Resources	-80	-17.0%	Staff turnover.
Client & Technical Support Unit – Sites Development	80	19.7%	Costs associated with the closure of Electrical Services including redundancy payments.

9. Children's Social Care budgets are projected to overspend by around £180,000 (0.7%), compared with an overspend of £220,000 (0.9%) in the previous exercise. The main areas of overspend are legal expenses, agency staff costs, adoption allowances, children's transport, the Section 24 budget and direct payments. Measures are being adopted to reduce the overspending.

Sure Start Grant

10. The general sure start grant is pooled within the LAA, which has a 5% carry forward limit. Subject to further investigation, an underspend of around £2.7m is currently anticipated on this grant, which is significantly above the 5% carry forward limit. In order to reduce the need for a carry forward the scope to fund other aspects of the CYP budget from the grant is being investigated. This will have the impact of increasing the underspend elsewhere within in the CYP budget. These resources could be set aside in a 'sure start' earmarked reserve for contributing to capital costs or pump priming revenue funding.

Adult Social Services

11. The latest exercise shows a forecast net underspend of around £460,000 (0.5%), compared with a net underspend of £260,000 (0.3%) in the previous exercise. Major variances include:

	£000	% of budget	
Independent residential care	-1,540	-3.9%	Reduction in residential placements, due to increased home care activity.
Independent home care	-200	-1.0%	Benefits from contract re-tendering.
In-house residential day and home care income	-450	13.5%	Increased service user contributions to resid.care due to increased wealth, and increased home care activity.
Employees/agency staff	910	2.1%	Agency staff (£0.7m), delayed efficiency savings on Home Care, overspending on Support Services.
Direct Payments	370	12.8%	Increasing take-up by service users.
Transport	350	9.2%	Overspends on fleet running costs (fuel etc) and on contract hire.

Highways and Transportation

12. The latest exercise shows a breakeven position. An additional £100,000 required to be spent on heat-damaged roads in addition to the £300,000 approved as a supplementary estimate is offset by a number of underspends.

Passenger Transport Unit

13. This budget reflects initial provisional transfers, mainly from the C & YP budget to the new integrated PTU. At this stage an underspend of £690,000 (4.0 %) is forecast, compared with £580,000 (3.4%) in the previous exercise. Major variances include:

	£000	% of budget	
Staffing and Administration	-70	-9.1%	Mainly due to management of vacancies
Mainstream Transport	-280	-3.0%	Due in part to efficiency savings achieved by PTU
SEN Transport	-140	-3.7%	Efficiency savings achieved by PTU, but not taken out of budget in 2006/07 have resulted in an underspend
Public Bus Services	-170	-6.6%	Savings made in advance of £150k savings required in 07/08

Waste Management

14. The latest exercise shows a forecast underspend of £2,290,000 (11.7%), compared with £1,500,000 (7.7%) in the previous exercise. Major changes include an increased underspend of £250,000 on disposal contracts, identification of an underspend of £360,000 on recycling and household waste sites and a £100,000 reduction in the overspend on recycling credits. Major variances include:

	£000	% of budget	
Disposal Contracts	-1,250	-11.6%	Reduced tonnage going to landfill
Fridges & electrical equipment	-160	-22.0%	Reduced disposal costs
Recycling & Household waste sites	-360	-8.9%	New contract arrangements.
Waste Performance & Efficiency Grant	-540	70%	To be transferred to an earmarked reserve to fund new recycling schemes in 07/08, subject to approval
Waste Strategy Implementation	-90	-42.3%	Delays in commencement of projects; carry forward request
Recycling Credits	50	1.5%	Revised unit price on the gate fees charged to Districts in 06/07.

15. It may be prudent to transfer the net underspend on Waste in 2006-07 into a reserve to meet the costs of purchasing LATS allowances in future years.

Community Services

16. The latest exercise shows a £50,000 (0.3%) net underspend. It is proposed that this amount be contributed to a reserve for equipment renewals for Scientific Services, so

that the Service remains competitive. There are a number of variances, the most significant of which are listed below:-

	£000	% of budget	
Trading Standards – employees	-210	-13.0%	Due to recruitment difficulties, staff turnover and a national shortage of trading standards officers.
Registrars – staffing	70	-11.9%	New activities e.g. citizenship ceremonies and nationality checking service.
Registrars – income	-80	15.7%	See above.
Library Services – income	90	7.3%	Income shortfall due to declining markets – national trend.
Library Services – staffing	-140	-2.6%	£90,000 due to staffing restructure. Balance due to turnover / vacancies.
Library Services – redundancies	250	n/a	Costs in 06/07 and part of costs in future years
Bosworth Visitor Centre – exhibition space	50	n/a	New ventilation system, wiring, asbestos removal, heating etc.
Country Parks – repair & maintenance	30	32.7%	Car park at Bosworth Battlefield and heathland management work.
Country Parks – income	-80	21.9%	Admissions, events and parking.
Planning fee income	-50	38.5%	Two planning applications have warranted maximum charges.

Chief Executives

17. The latest exercise shows an underspend of £170,000 (1.4%), due to turnover and additional income. Carry forwards for this total may be requested.

Resources

18. The latest forecast is for outturn to continue to be in line with the budget. Major variances include:

	£000	% of budget	
Maintenance of Buildings	190	3.6%	County Hall : increased energy prices, delayed security savings; caretakers houses maintenance
Financial Services	100	4.3%	Delays in implementation of new payroll system
Property Services	-180	10.3%	Increased capital fees income
ICT Services	-70	-0.9%	Staff vacancies held pending review and restructuring
Administration	-40	-5.2%	Staff vacancies

Central Items

19. Central Items budgets are forecast to underspend by around £3,280,000, net of a £80,000 carry forward to provide funding in 2007/08 for political assistants. Major variances include:

	£000	% of budget	
Bank & Other Interest	-2,400	51.1%	Interest rates and balances higher than originally estimated.
Financing of Capital	-560	-2.0%	Mainly relates to change in financing arrangements for Intergrid schools from supported borrowing to capital grant.
Financial Arrangements	-78	-16.3%	Share of ESPO surplus.
NDR Revaluation Savings	-250	n/a	Refunds of rates paid in 2005-06 arising from revaluation appeals.
Prior Year Adjustments	-75	n/a	Statutory Maternity Pay adjustments.

Summary

20. At this stage in the year an underspend of approximately £4.6m (1.6%) is forecast, net of potential carry forward requests and contributions to reserves.

Equal Opportunities Implications

None.

Background Papers

None.

Members Circulated Under Sensitive Issues Procedure

None.

Officers to Contact

Mr P Sartoris ☎ 0116 265 7642
Mr C Tambini ☎ 0116 265 6199