

SCRUTINY COMMISSION – 18TH JULY 2007**JOINT REPORT OF THE CHIEF EXECUTIVE AND DIRECTOR OF
CORPORATE RESOURCES****2007/08 REVENUE BUDGET AND PERFORMANCE MONITORING****Purpose**

1. To provide Members with an early indication of any major issues on both the revenue budget and on key performance indicators where performance was below target significantly in 2006/07.

Background

2. This report seeks to combine the monitoring of the revenue budget with key performance indicators. This approach will be further developed over the summer and it is intended that reports that link budget monitoring and performance will be provided to Scrutiny Commission on a quarterly basis.
3. The financial information contained within this report is based on experience in the latter part of 2006/07 after the 2007/08 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 be regarded as initial indications. The report focuses on those areas of the budget where more significant variances could occur.
4. The performance information provides an update on those key performance indicators that were given a 'red' indicator in the annual plan that was reported to the Scrutiny Commission on 20th June 2007 or in the local area agreement annual self assessment. The 'red' indicator shows that in 2006/7 performance was significantly lower than target.

Performance Update

5. The attached Appendix A updates Members on current performance on those 23 LAA and BVPI indicators that were 'red' in 2006/07. At this early stage in the year 5 of these indicators are now back on target, performance is uncertain for 8 and 10 are still expected to be under target.
6. There are no implications arising from the forecast variances in this year's budget, set out in paragraphs 8 to 14, for the achievement of these targets. There could, however, be an overall impact in relation to the reallocation of resources in 2007/08 and 2008/09, i.e. resource may need to be reallocated to ensure targets can be achieved. Decisions will be taken following analysis of the further work referred to in the Appendix A. It is worth noting that many of these targets are the joint

responsibility of the County Council with other agencies as they relate to the LAA. As such, improvement planning will need to take place jointly with these agencies. Also the first step will be to consider how existing resources can be used more effectively.

7. Those targets where performance could indicate the need for resource reallocation are those related to chlamydia screening and crime reduction.

Budget Update

8. The budget position is shown in Appendix B with traffic lights to indicate areas of concern. Currently all traffic lights are on 'green'.

Children and Young People

9. At this stage the Department is forecasting outturn to be on budget. 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.
10. The former Department for Education and Skills (DfES) has announced final Dedicated Schools Grant allocations for 2007-08. The figure for Leicestershire is £461,000 less than anticipated, as the pupil numbers in the DfES calculations are lower than estimated. The Schools Funding Forum will be asked to apply part of the DSG Reserve of £1.589m created from the 2006-07 underspend, of which £0.75m was built into the original 2007-08 Schools budget.

Adult Social Services

11. At this stage the Department is forecasting outturn to be on budget adjusted for the impact of the Leicestershire and Rutland Primary Care Trust financial arrangement. The rephasing of the county contribution to the learning disability pooled budget will mean £3m will be added to reserves in 2007/8. There are a number of pressures and risks, including Direct Payments and Transport budgets, but the Department expect to be able to manage within the overall total budget.

Highways and Transportation

12. Additional recruitment costs relating to senior posts have been incurred. These costs will be contained within the service budget.

Bank and Other Interest

13. At this stage, Bank and Other Interest is forecast to exceed the original budget by £1m (16.7%). Interest rates and balances are higher than originally anticipated.

Financing of Capital

14. Financing of Capital is currently forecast to be around £820,000 (2.8%) lower than the original budget. This mainly relates to a number of early repayments of loans made in May which are anticipated to be replaced by new loans in the autumn.

Summary

15. At stage in the year an underspend of approximately £1.82m (0.6%) is forecast but this is based on limited information.

Equal Opportunities Implications

None.

Background Papers

None.

Members Circulated Under Sensitive Issues Procedure

None.

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