



BUDGET AND PERFORMANCE MONITORING SCRUTINY PANEL

25TH JANUARY 2010

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

2009/10 REVENUE BUDGET MONITORING

Purpose

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

Background

2. The information contained within this report is based on the pattern of income and expenditure for the first eight months of this financial year. The report focuses on those areas of the budget where more significant variances could occur.
3. The budget monitoring exercise indicates a forecast net underspend of approximately £4.8 m (1.5%). The results of the exercise are summarised in Appendix A.

Children and Young People

Schools

4. The final Dedicated Schools Grant (DSG) figure for Leicestershire is £790,000 higher than anticipated, as pupil numbers were higher than estimated. This additional funding must be used to support the Schools budget, either in 2009/10 to offset an overspend or carried forward to support future years' budgets.
5. The centrally managed Schools budget is forecast to underspend by £310,000. Under the terms and conditions of Dedicated Schools Grant any underspend must be allocated to the following year's Schools Budget. The main variances are:

	£000	% of Budget	
Statementing - Mainstream	510	52%	Reduction in income; additional enhanced packages.
Out of County Placements/ Recoupment	810	9%	Additional high cost placements.
Behaviour & Attendance Commissioning & Personalised Learning	-160	-13%	Savings on the "Not Schools" project as it nears completion.
Nursery Education Funding (Nursery providers)	-550	-4%	Lower take up than estimate.
Early Learning Child Care	110	16%	Current staffing establishment

improvement– Children’s Centre Teachers			exceeds the budget provision.
Early Learning Child Care Service	-160	-45%	Staff vacancies.
General Sure Start Grant	-250	-99%	Lower than planned expenditure and staff turnover.
Children’s Centre	-160	-28%	Use of SureStart, Early Learning and Childcare grant.
School Budget Contingencies	-590	-63%	Current projections of school applications for funding and additional budget allocations arising from rateable value changes.
Special Staff Costs	100	8%	Increase in number of staff on maternity leave.
Premature Retirement Costs	170	31%	Increase in number of cases.

Children and Young People – Local Authority Budget

6. The Department is forecasting a net overspend of around £410,000 (0.7%). The current forecast takes account of the use of £330,000 unallocated Area Based Grant. The main variances are:

	£000	% of Budget	
Education of Children in Care (Looked After Children)	-160	-37%	Additional grant income.
Educational Psychological Services	-130	-8%	Staff vacancies.
Education Welfare Service	180	19%	Staffing – end of a secondment within the service and 2009/10 budget reduction. Review of service should remove this overspend.
Premature Retirement Costs	310	31%	Increase in number of cases.
Criminal Records Checks	120	34%	Increase in numbers.
Specialist Services Children’s Management	200	12%	Legal costs, staff advertising and new staffing structure.
Children’s Residential Services - Placements	470	8%	Based on previous year’s trend. Demand for residential spot purchase placements create an overspend. £0.2m efficiency savings deemed unachievable.
Fostering	110	3%	Increased demand and full cost of rises in basic maintenance not met.
Children in Need Payments (Section 17/23)	210	55%	Increase in Section 17, Day Care/ other payments, and in Section 23 payments. Efficiency savings target (£59k) unlikely to be met.
Support for Children in Own	120	12%	Increase in usage of in-house

Homes			home care and increase in unit cost charged by Adult Social Care.
Asylum Seekers – Unaccompanied Children	-220	n/a	Credit balances accumulated from previous years grants transferred from reserves.
Direct Payments	150	127%	Budget has overspent as a result of previous year's commitments.

Adult Social Care

7. The Department is forecasting a net overspend of around £200,000 (0.2%). The main variances are:

	£000	% of Budget	
Employees – Access/in house Home Care/Older Persons & Physical Disabilities Commissioning/Older Persons Homes (OPHs)	800	2.0%	Delayed efficiency savings and pressures on OPHs budgets (net of £0.3m pay award saving).
Independent Sector Residential Placements	-1,100	-1.9%	Reduced demand; offsetting increased demand on non-residential services.
Own Units – Client Charges	-800	-21.9%	Increased relative wealth.
Independent Residential Care – Client Charges	-800	-4.8%	Increased relative wealth.
Community Based Services	1,800	4.9%	Increased demand for home care, day care and direct payments.
Transfer of 6 OPHs - cancelled	450	n/a	Non-implementation of efficiency savings.
Efficiencies Posts	180	n/a	Invest to Save posts.
Supported Living	-420	-5.7%	Delayed developments and cost savings.

Transportation

8. An underspend of around £160,000 (0.6%) is forecast. The main variances are:

	£000	% of Budget	
Local Bus Services	-270	-11.4%	Contract prices now mainly confirmed. Underspend may reduce if costs of new Enderby Park and Ride are higher than previously expected.
School Transport - Mainstream	-380	-5.0%	Contract prices now mainly confirmed.
School Transport – Special Educational Needs	50	0.9%	Usage has increased.
Social Care Transport	180	5.5%	Usage has increased.

Staffing	-140	-3.5%	Lower pay award and staff turnover.
Traffic - Income	220	-54.9%	Loss of income on Section 278 & 38 and search fees income.
Traffic Safety – Civil Parking Enforcement – On Street	150	n/a	Budget expected to break even. The forecast at budget setting was a deficit in excess of £0.3m.

Waste Management

9. An underspend of around £1,030,000 (4.0%) is forecast. The main variances are:

	£000	% of Budget	
Disposal Contracts	-600	-4.8%	Falling volumes of waste despite some additional costs of disposal of timber, plasterboard, loss of income from Whetstone and various other items.
Waste Strategy Implementation	-150	-7.0%	Underspends on new initiatives (£0.35m) offset by increased costs of demolition work at Whetstone site (£0.2m).
Inflation contingency	-230	n/a	Not required.

Community Services

10. An underspend of around £230,000 (1.1%) is forecast. The main variances are:

	£000	% of Budget	
Book fund	-80	-6.1%	Action to offset overspends elsewhere within Library Services.
Environment & Heritage Services – income	-140	7.2%	Overachievement of planning fee income and additional income at Bosworth Visitor Centre.
Commercial & Support Services – staffing	-60	4.3%	Staff turnover and one-off income.

Chief Executives

11. An overspend of around £130,000 (10%) is forecast. The main variances are:

	£000	% of Budget	
Democratic Services	-100	-0.8%	Underspend on Scrutiny Panel growth and staff vacancies etc.
Administration	100	0.8%	Part cost of Catering review and shortfall on efficiency savings.
Staffing	-50	-0.4%	Lower pay award.
Catering – Trading Account	140	1.1%	Delay in achieving efficiency savings.

Corporate Resources

12. A small underspend of around £70,000 (0.2%) is forecast.

	£000	% of Budget	
Strategic Finance : Children and Young People's Service	-140	-24%	Vacant posts offset by temporary appointment.
Shared Services : Employee Services Centre	-110	-16%	Underspend on staffing costs.
Shared Services : Customer Service Centre	-130	-10%	Vacant posts.
Procurement	-80	-12%	Additional income and vacant posts.
Support Services	150	22%	Vacant posts offset by temporary appointment. Position should be clearer once revised staffing structure is in place.
Property Services : Accommodation Strategy	180	n/a	Cost of Project Team. Slippage means that cost unlikely to be covered by savings.

Contingencies

13. The original budget was based on an assumed pay award of 2%. The settlement of the April 2009 Local Government Services pay award at 1% (with 1.25% on the first few pay points) has been reflected by Departments in their forecasts. The central contingency of £0.4m will not be required.
14. The current position on energy contract renewals and fuel prices indicate that around £1,960,000 of the contingency for energy and fuel inflation will not be required.

Central Items

15. The latest forecast of bank and other interest shows an increase of around £0.2m (4.0%) compared with the original budget.
16. Financing of Capital is currently forecast to be around £1.5m (5.3%) lower than the original budget. This reflects a debt rescheduling exercise at the beginning of the year and a forecast of replacement loans to be taken in October.
17. Contributions of £100,000 to the 2010 Special Olympics and £35,000 to the 2011 UK Corporate Games are funded from the underspend on the Financing of Capital budget.
18. The budget treatment of Area Based Grant has been amended and the grant income is now shown centrally.

Summary

19. At this stage in the year a net underspend of approximately £4.8m (1.5%) is forecast (excluding schools). Nothing has been included for possible one off costs or additional winter maintenance costs. Given the difficult position in prospect for the MTFS it will be proposed that any remaining underspend is transferred to the reserve for Severance costs/Invest to Save.

Equal Opportunities Implications

There are no specific implications arising from this report.


Background Papers

None.

Circulation under the Local Issues Alert Procedure

None.

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