

Appendix 1

REVENUE BUDGET MONITORING APRIL TO NOVEMBER 2007

- 1.1 Appendix 2 outlines the Council's current financial position for the 2007/08 financial year to the end of November 2007 by cabinet portfolio. The Appendix shows that there is a projected year-end overspend of £615,000 (or 0.60% of the net budget). This is a significantly improved position when compared to the potential overspend of £4,248,000 that emerged earlier in the financial year. Directors have worked hard to develop proposals to bring expenditure back within budget. However within the current £615,000 forecast overspend figure, there are areas of over and under spending which are detailed below along with the planned management actions being taken to reduce any overspends.
- 1.2 The forecast includes a virement already agreed under delegation included in Appendix 4(i) to recover £323,839 from services because the pay award was lower than expected. The projected overspend is largely the result of an unanticipated contractor claim.
- 1.3 **Children's Services portfolio – forecast £265,000 over spend**

The over spend relates to two main areas as follows:

Children's & Families – forecast overspend of £421,000. The over spend is a result of increased demand on foster care allowances and an additional residential placement. The 2 areas of overspend highlight the increasing demand for placements of children. The services pooled budget arrangements managed through a Joint Agency Panel (JAP) is continually observing increases in both numbers and levels of need. Resources have been allocated to this budget to respond to these pressures and to develop local alternatives to reduce future demand for such placements. Further work on limiting the costs of placements by reviewing the number and extent of placements has been ongoing with some extent.

Youth Service – forecast overspend of £193,000. The service was set a target of £380,000 savings as part of the 2007/08 service planning process and an action plan was developed to achieve this. The plan has slipped in relation to managing the restructure of the service which has been delayed due to union consultation. The savings from the restructure have been limited due to the costs of pensions and redundancy.

The Council agreed, as part of the budget report in February 2007, that should resources allow, a sum of up to £300k be set aside to maintain face-to-face Youth services (whilst continuing with the restructure) and other front line services, as deemed appropriate by the Executive, from the reductions included within the budget.

The Council has benefited from reduced capital financing costs and LABGI (Local Authority Business Growth Incentive Scheme) awards, the latter of which has been added to balances. A virement proposal is included in Appendix 4(i) to utilise £200k savings in the capital financing budget to maintain face-to-face Youth Services in 2007/08.

After allowing for the virement, the overspend has been further mitigated by underspends in Early years & inclusion (£112,000) and from information management and IT services (£54,000). The balance of the portfolio is made up of other smaller over and under spends.

1.4 Adult Social Services & Housing – forecast £237,000 under spend

1.5 Customer Services – forecast £1,290,000 overspend

The over spend on this portfolio arises mainly from:

- £610,000 – free public transport to disabled people and those over 60 years of age. This scheme was introduced in April 2006 and the government decided on detailed funding following appeal. This decision arrived too late to be included in the service plan, and proved insufficient for Bath & North East Somerset.
- £700,000 – Parking income and fines.
- An unanticipated contractor claim.

The current forecast position includes management actions to reduce the overspend, mainly from staff savings and alternative income generation.

Further mitigation against the current forecast overspend is planned by staff savings (£170,000), further use of planning grant (£80,000), a review of income projections (£100,000), a review of fridge disposals (£50,000), funding the contractor claim from revenue reserves and repaying over 3 years once the final sum is agreed. A decision on the latter will need further consideration when the outturn for 2007/08 is clear.

1.6 Resources Portfolio – forecast £1,203,000 under spend

The forecast underspend on this portfolio is made up of the following variances:

Support Services: overspend of £79,000 mainly due to an over spend of £128,000 in traded services related to catering and building & engineering services and the reclassification of costs associated with producing capital receipts from capital to revenue; the overspend is partly offset by underspends in Policy & Partnerships and Finance. Further actions planned to recover the support services overspend include vacancy management and restructuring savings.

Corporate & Agency Costs: underspend of £1,077,000 due to the following factors:

- Minimum Revenue Provision (MRP) in respect of debt repayments underspend of £290,000 due to the final capital spend in 2006/07 being c£10m underspent compared to the estimate used in setting the 2007/08 budget for MRP.
- Loan Charges are expected to under spend by £375,000 due to re-phasing and slippage of capital projects making the need to borrow less than expected.
- Additional Investment income achieved over budget due to having higher cash balances available. Current forecast is for additional £1.35 million over budget. This is made up of £270,000 from education capital grant receipts in advance of spend, £230,000 from increased interest rates and £850,000 from capital spend slippage and other favourable cashflow impacts. This position will be closely monitoring during the remainder of the financial year.

- As reported in the September report there is a shortfall against the corporate efficiency target of £1 million.
- an underspend of £87,000 on Housing Benefit subsidy due to a reduction in claim errors leading to higher subsidy.

The balance of the portfolio consists of the pay award underspend (paragraph 1.2) and other minor over and under spends.

1.7 Development & Major Projects Portfolio – forecast overspend of £500,000

The Council's emerging Corporate Plan has, as one of its key objectives, Bath & North East Somerset being a distinctive place that has a dynamic economy. In addition, this recognises that the unprecedented level of growth required of the area needs careful management. A significant proportion of work to pursue these objectives and priorities is classified as revenue expenditure whereas Major Project's current budget is predominantly a capital budget. This has been reflected in the overspend now indicated in the Development and Major Projects area. This change is also reflected in the 2008/09 budget proposals

CAPITAL BUDGET MONITORING – APRIL TO NOVEMBER 2007

- 1.8 At the 5th September 2007 Cabinet meeting, a revised capital budget of £50.552 million for 2007/08 was reported. Since then, the following changes have been incorporated into the programme;

	£'000
2006/07 Slippage (Council report delegation to the Section 151 Officer in consultation with the Chief Executive & Project Programme Board)	+9,327
Other changes (as detailed in Appendix 5)	+1,416
Total Changes	+10,743

- 1.9 These changes give a revised budget of £61.295m, as reported in Appendix 3.

- 1.10 Capital spend to the 30th November 2007 totalled £18.75m or 75.4% of profiled spend. Details of the current monitoring position are given in Appendix 3.

- 1.11 Current indications are that the overall capital receipts target assumed in the financing of the capital programme will not be met in 2007/08. The effects of this have been built into the capital financing forecasts. Progress against target will be monitored as the year progresses and any issues will be highlighted to Projects Programme Board and reported back to the Cabinet in future budget monitoring reports.

- 1.12 From the forecasts in the April 2007 to November 2007 monitoring figures, £11.282m worth of capital scheme budgets have been identified as slippage from 2007/08 into 2008/09. These are detailed in Appendix 5.