



# Report to Cabinet

**Title:** Quarterly Budget Monitoring Report – June 2007

**Date:** 3<sup>rd</sup> September 2007

**Date Decision can be implemented:** 11 September 2007

**Author:** Cabinet Member for Resources

**Contact Officer:** Deputy Head of Finance – Mark Preston x3107

**Electoral Divisions Affected:** All

**Portfolio Areas Affected:** All

**Relevant Overview and Scrutiny Committee:** All

## Summary

This report sets out the Council's revenue and capital spending position as at the end of June 2007 (Quarter 1), together with the projected outturn position for the financial year. The report also sets out recommendations for the use of some of the residual revenue underspend from 2006/07.

Currently the projected revenue outturn is a £2.9m overspend at portfolio level, largely as a consequence of overspends carried forward from 2006/07.

The Capital Programme is forecast to have a minor underspend £38k in year.

Officers are working on a number of fronts to ensure revenue budgets are brought back into balance.

## Recommendations

1. Note the report and the actions being taken to address the pressures within the revenue and capital budgets.
2. Approve the use of residual underspend from 2006/07 to fund the following items (Paragraph 5):
  - (a) Home to School Policy changes assumed in the MTP budget setting process but not politically acceptable - £200k;
  - (b) School Placement Planning costs - £35k;
  - (c) Support for the new Overview and Scrutiny Committee for Performance and Resources - £25k;
3. Delegate to the Leader, in conjunction with the Chief Executive, authority to allocate the balance of the residual underspend from 2006/07 of £3.496m, taking into account any in-year and MTP budget pressures (Paragraph 5).

## A. Narrative setting out the reasons for the decision

### 1. Revenue Forecasts

Table 1 compares the profiled budget with actual expenditure as at the end of June 2007 and the budget of £517m with the forecast outturn.

**Table 1 – Revenue Forecasts as at 30/6/07**

Revenue Budgets	Profiled budget £'000	Actual to date £'000	Annual budget £'000	Forecast outturn £'000	Over / (under) spend £'000	Over / (under) spend %
<b>Portfolios:</b>						
Leader	1,224	783	4,264	4,114	(150)	(3.5%)
Deputy Leader	398	(1,163)	2,239	2,239	0	0.0%
Children's Services - DSG	(39,868)	14,391	258,670	258,670	0	0.0%
Children's Services - non DSG	14,915	12,683	59,924	61,510	1,587	2.6%
Adult Social Care	19,992	15,585	88,278	88,278	0	0.0%
Resources	6,292	4,564	24,195	25,582	1,387	5.7%
Strategic Planning & Waste	4,031	2,066	16,372	16,372	0	0.0%
Transportation	4,011	3,735	19,176	19,291	115	0.6%
Community Services	4,037	2,041	16,497	16,497	0	0.0%
<b>Subtotal Portfolio</b>	<b>15,032</b>	<b>54,684</b>	<b>489,615</b>	<b>492,553</b>	<b>2,939</b>	<b>0.6%</b>
<b>Below the line:</b>						
Debt Financing	3,949	(862)	31,811	31,811	0	0.0%
Other below the line items	418	23	(4,656)	(4,656)	0	0.0%
<b>Subtotal Below the line</b>	<b>4,366</b>	<b>(839)</b>	<b>27,155</b>	<b>27,155</b>	<b>0</b>	<b>0.0%</b>
<b>Total Revenue Budgets</b>	<b>19,398</b>	<b>53,845</b>	<b>516,770</b>	<b>519,708</b>	<b>2,939</b>	<b>0.6%</b>

The key variations are as follows:

#### **Children's Services (non DSG) +£1,587k 2.6%**

An overspend of £1.587m is forecast, largely due to the Home to School Transport overspend of £1.528m carried forward from 2006/07. An action plan will be developed to recover this position, once the current restructuring of Children's Services is complete. However, it is unlikely to be recovered from within Home to School Transport budgets due to the challenging MTP saving assumptions already assumed within the 2007/08 budget and future years.

#### **Resources +£1,387k 5.7%**

Resources portfolio is similarly reporting a £1.387m overspend, largely as a result of the under achievement of corporate efficiencies in 2006/07 carried forward. There is already a challenging £2m savings target for corporate procurement efficiencies in 2007/08, so it is highly unlikely that additional corporate efficiencies will be found to cover the overspend. The £1.387m therefore requires an action plan and a report is being prepared on the options available.

#### **Below the Line**

There is the expectation of below the line items being under budget, particularly with higher interest rates affecting treasury income positively. It is too early to say at this point exactly what this figure will be, but detailed work is being undertaken to provide an estimate.

## **2. Efficiency Savings**

Progress in delivering the efficiency savings included within portfolio revenue budgets and the Council's 'forward look' efficiency statement is set out in Appendix 1 attached. The forecast for delivery of cashable efficiency savings is currently £6.8m against the planned £7.0m. This assumes the £2.0m of procurement efficiencies will be achieved and a detailed schedule of work and savings will be required to determine which service areas they are within. This position would still mean that the County Council will have exceeded its 3 year Gershon Efficiency target by £1.766m.

## **3. Debt Written off During the Period**

In accordance with the Council's Debt Management Strategy, any debts in excess of £5k written off during the period must be reported to Cabinet. Between the end of March and the end of June, 23 debts under £5k (totalling £17,059.71) have been written off with the agreement of the appropriate Head of Service. No debts over £5k were written off.

## **4. Capital**

Table 2 shows the capital programme budgets on a gross and net basis.

**TABLE 2 – Capital Forecast As At 30/06/2007**

<b>Portfolio</b>	<b>Expenditure &amp; Funding</b>	<b>Profiled budget £000</b>	<b>Actual to date £000</b>	<b>Annual budget £000</b>	<b>Forecast outturn £000</b>	<b>Variation £000</b>
Children's Services	Expenditure	0	337	4,210	18,235	14,025
	Funding	0	(1,478)	(4,210)	(18,235)	(14,025)
	Net Expenditure	0	(1,141)	0	0	0
Adult Social Care	Expenditure	2,726	2,726	5,272	5,242	(30)
	Funding	(425)	(425)	(542)	(542)	0
	Net Expenditure	2,301	2,301	4,730	4,700	(30)
Resources	Expenditure	0	1,357	10,482	11,097	615
	Funding	0	(123)	0	(738)	(738)
	Net Expenditure	0	1,234	10,482	10,359	(123)
Strategic Planning & Waste	Expenditure	0	18	9,101	4,420	(4,681)
	Funding					0
	Net Expenditure	0	18	9,101	4,420	(4,681)
Transportation	Expenditure	0	4,093	35,934	37,349	1,415
	Funding	0	(1,669)	(30,065)	(26,674)	3,391
	Net Expenditure	0	2,424	5,869	10,675	4,806
Community Services	Expenditure	289	289	10,343	10,333	(10)
	Funding	(400)	(400)	(3,683)	(3,683)	0
	Net Expenditure	(111)	(111)	6,660	6,650	(10)
Total	<b>Expenditure</b>	<b>3,015</b>	<b>8,820</b>	<b>75,342</b>	<b>86,676</b>	<b>11,334</b>
	<b>Funding</b>	<b>(825)</b>	<b>(4,095)</b>	<b>(38,500)</b>	<b>(49,872)</b>	<b>(11,372)</b>
	<b>Net Expenditure</b>	<b>2,190</b>	<b>4,725</b>	<b>36,842</b>	<b>36,804</b>	<b>(38)</b>

The forecast outturn for Children's Services includes expenditure on schemes for which there is grant funding. These schemes have yet to be approved by the Business Investment Board and therefore are not reflected in the annual budget.

***The key variations are as follows:***

There are 2 main portfolio variations that virtually compensate each other:

**Strategic Planning and Waste (-£4.7m)**

- High Heavens Green Hub (-£2.1m) – A successful mediation process has been completed and should mean that vacant possession is expected by September 2007 and that the previous court date was not needed. Following mediation a compensation payment will be made to the tenant; however this is less than would be expected if a court action had proceeded. These issues will result in a significant amount of spend on this project slipping into 2008/09. As a result of some unforeseen design changes and the higher than expected mediation costs it is likely that this project will be in an overspend position at completion. Additional forecasting work is being undertaken to establish the best course of action and will be reported back over the next 2 months.
- Aylesbury HWRC (-£3.0m) - The draft Heads of terms for the land purchase in respect of the new Aylesbury HWRC are in the process of being agreed. The current programme for construction currently aims for works starting no earlier than March 2008 with completion achieved by December 2008. Consequently the majority of expenditure on this scheme will slip into 2008/09.
- Beaconsfield Household Waste Site (+£0.465m) – The site opened on 23rd February. Additional costs were incurred as a result of a delayed start which meant that construction costs rose and unforeseen costs were experienced in constructing the highway central island and the need for a 'step down' electricity transformer. In addition a claim has been submitted by the contractor. The likely overspend will be met by a virement from the Aylesbury scheme, which will manage within the reduced funding limit.

**Transportation (+£4.8m)**

The Stoke Hammond and Linslade Western Bypass scheme is now expected to overspend by approximately £5m due to unforeseen ground conditions encountered on site causing a delay to the original programme. DfT/GOSE and SEERA have been informed of this cost increase and a request has been formally made for additional funding. Discussions with the DfT are continuing, but if the funding is not agreed, then this will cause a significant pressure on the Transportation capital programme.

**5. Use of the Residual 2006/7 Underspend**

Following consideration by the Leader and the Chief Officer the following items are being recommended to be funded from the residual carry forward from 2006/07:

- £200k for assumed MTP savings from Home to School Policy changes that are not politically acceptable;**
- £35k for School Placement Planning costs;**
- £25k to support the new Overview and Scrutiny Committee for Performance and Resources.**

This leaves a balance from the residual underspend from 2006/07 of £3.496m. It is further recommended that:

**Responsibility for allocating the balance of the residual 2006/07 underspend be delegated to the Leader, in conjunction with the Chief Executive, taking into account in-year and MTP budget pressures.**

**B. Other options available, and their pros and cons**

None arising from this report.

**C. Resource implications**

Action Plans are being developed to contain the identified revenue pressures. Failure to contain the pressures may impact on reserves in year.

**D. Legal implications**

None arising directly from this report.

**E. Property implications**

None arising directly from this report.

**F. Other implications/issues**

None arising directly from this report.

**G. Feedback from consultation and Local Member views**

COMT and Cabinet Members review monthly monitoring data.

**H. Communication issues**

None arising directly from this report.

**I. Progress Monitoring**

This report forms part of a sequence of reports to COMT and Cabinet.

**J. Review**

None arising directly from this report.

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**Background Papers**

None

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***Your questions and views***

*If you have any questions about the matters contained in this paper please get in touch with the Contact Officer whose telephone number is given at the head of the paper.*

*If you have any views on this paper that you would like the Cabinet Member to consider, or if you wish to object to the proposed decision, please inform the Democratic Services Team by 5.00pm on 31 August 2007 This can be done by telephone (to 01296 383604 or 383610), Fax (to 01296 382538), or e-mail to [cabinet@buckscc.gov.uk](mailto:cabinet@buckscc.gov.uk)*

### Cashable efficiency savings as at 30/6/2007

The table below outlines progress in delivering the cashable efficiency savings identified as part of the Council's MTP process and included within the Council's Annual Efficiency Statement. All efficiencies identified in 2007-8 MTP have been cashable efficiencies.

Portfolio	MTP savings within Forward Look £'000	MTP efficiencies Saved to date £'000	Additional Efficiencies Identified £'000	Forecast outturn £'000	Variation (Under)/ Over £'000	Comments
Deputy Leader	11	3	0	11	0	
Children's Services	957	354	0	771	(186)	Safeguarding - re contact centre. Delayed until 2008-9
Adult Social Care	2,161	191	0	2,161	0	
Resources	2,617	1,910	0	2,617	0	
Transportation	547	137	0	547	0	
Strategic Planning and Waste	572	144	0	572	0	
Community Services	156	77	0	156	0	
<b>Total</b>	<b>7,021</b>	<b>2,816</b>	<b>0</b>	<b>6,835</b>	<b>(186)</b>	

### Cumulative efficiency savings forecast for 3 years ending 31/3/2008

Annual Efficiency Statement	2005-06 £000	2006-07 £000	2007-08 £000	Total £000
AES Outturn / Forecast (07-08)	4,917	6,566	6,835	18,318
Target (£'000) @ 2.5%	5,783	5,252	5,517	16,552
<b>Cumulative Over /(under) performance</b>	<b>(866)</b>	<b>1,314</b>	<b>1,318</b>	<b>1,766</b>