



Report to Cabinet

Title: Quarterly Budget Monitoring Report – September 2007

Date: 5th November 2007

Date Decision can be implemented: 13th November 2007

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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 September 2007 (Quarter 2), together with the projected outturn position for the financial year.

Currently the projected revenue outturn is a £4.7m overspend at portfolio level, largely as a consequence of £2.9m of overspends carried forward from 2006/07, £1.5m underachievement of corporate efficiencies and a £0.4m overspend in Adult Social Care.

Due to a forecast underspend of £4.9m on Below the Line budgets, the Council's overall revenue position is expected to be £0.2m under budget.

The Capital Programme is forecast to underspend by £2.6m in year due to the effect of net slippage.

Officers are working on a number of fronts to bring portfolio revenue budgets back into balance.

Recommendation

Note the report and the actions being taken to address the pressures within the revenue and capital budgets.

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 September 2007 and the budget with the forecast outturn.

Table 1 – Revenue Forecasts as at 30/9/07

Revenue Budgets	Profiled budget £'000	Actual to date £'000	Annual budget £'000	Forecast outturn £'000	Over / (under) spend £'000	Over / (under) spend %
Portfolios:						
Leader	2,380	2,075	4,185	4,035	(150)	(3.6%)
Deputy Leader	1,040	(3,824)	2,238	2,218	(20)	(0.9%)
Children's Services - DSG	54,065	73,017	258,900	258,971	71	0.0%
Children's Services - non DSG	28,284	27,074	58,528	60,253	1,725	2.9%
Adult Social Care	39,099	31,014	88,246	88,663	417	0.5%
Resources	16,066	15,074	24,399	27,231	2,832	11.6%
Strategic Planning & Waste	8,231	6,433	16,359	16,140	(219)	(1.3%)
Transportation	10,255	10,050	19,155	19,155	0	0.0%
Community Services	6,799	4,487	16,473	16,472	20	0.1%
Subtotal Portfolio	166,219	165,400	488,483	493,138	4,676	1.0%
Below the line:						
Debt Financing	27,894	1,999	27,894	25,111	(2,783)	(10.0%)
Other below the line items	9,879	259	10,366	8,291	(2,075)	(20.0%)
Subtotal Below the line	37,773	2,258	38,260	33,402	(4,858)	(12.7%)
Total Revenue Budgets	203,992	167,658	526,743	526,540	(182)	(0.0%)

The key variations are as follows:

Children's Services – non DSG +£1,725k 2.9%

An overspend of £1.725m is forecast largely due to the Home to School Transport overspend of £1.528m brought forward from 2006/07. This has been offset by an in-year forecast underspend on Home to School Transport of £275k. An action plan has been drawn up to address the net Home to School Transport overspend, but is dependent upon the outcome of the Client Transport tendering exercise to determine the payback period required. The remaining £472k overspend is largely in Safeguarding due to the emergency placement of children. This position is being reviewed and a detailed action plan being developed.

Adult Social Care +£417k 0.5%

Due to on going pressures for placements in Adult Mental Health services and for support at home in Older People services, an overspend of £417k is forecast. A detailed action plan is in place to try and deliver a balanced position by the end of the year.

Resources **+£2,832k** **11.6%**

Resources portfolio is reporting a £2.832m overspend, largely as a result of the under achievement of corporate efficiencies in 2006/07 carried forward (£1.4m) and the expected underachievement (£1.5m) in delivering the £2.0m of cashable efficiencies in 2007/08. Savings of £500k have been identified, however the shortfall is partly due to Procurement resources being redirected towards large procurement projects already planned in services, such as Waste, Client Transport and Built Environment. Other savings are unlikely to be identified because they will be delivered on an ad-hoc basis within services. A report is due to COMT/EMT on progress to date and options for additional savings, but a substantial reduction to the forecast overspend is not expected.

Below the Line **-£4,858k** **-12.7%**

Below the line debt financing, the expected interest earned from County cash balances is £1.645m higher than budget, due primarily to increased interest rates this year. In addition there is a reduced Minimum Revenue Provision (MRP) requirement of £0.9m. Within other below the line items, there is an expectation that the budget risk contingency of £1.5m and the £515k of remaining pay contingency from 2007-8 will not be required. With other minor variations, the net below the line position is an underspend of £4.858m.

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 £6.3m against the planned £7.0m. This assumes the £2.0m of procurement efficiencies will be achieved through the further identification of cashable and non-cashable savings achieved within services. This position would mean that the County Council will have exceeded its 3 year Gershon Efficiency target by £1.2m.

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 June and the end of September, 28 debts under £5k (totalling £13,404.76) 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 expenditure basis and net of third party funding.

TABLE 2 – Capital Forecast As At 30/09/2007

Portfolio	Expenditure & Funding	Actual to Date £000	Budget Approved by Cabinet £000	C/fwds from 06/07 £000	Approved Changes £000	Total Budget £000	Forecast Outturn £000	Variation £000	Slippage into 08/09 £000
Children's Services	Expenditure	2,729	4,210		10,493	14,703	10,608	(4,095)	0
	Funding	(1,726)	(4,210)		(10,493)	(14,703)	(10,608)	4,095	0
	Net Expenditure	1,003	0	0	0	0	0	0	0
Adult Social Care	Expenditure	3,224	300	4,972		5,272	5,242	(30)	0
	Funding	(425)	0	(542)		(542)	(542)	0	0
	Net Expenditure	2,799	300	4,430	0	4,730	4,700	(30)	0
Resources	Expenditure	3,547	8,801	1,681		10,482	10,652	170	396
	Funding	(123)	0			0	(738)	(738)	0
	Net Expenditure	3,424	8,801	1,681	0	10,482	9,914	(568)	396
Strategic Planning & Waste	Expenditure	341	8,027	1,074		9,101	1,900	(7,201)	3,607
	Funding	0	(700)			(700)	(700)	0	0
	Net Expenditure	341	7,327	1,074	0	8,401	1,200	(7,201)	3,607
Transportation	Expenditure	17,141	30,532	4,752	650	35,934	46,148	10,214	(10,214)
	Funding	(3,865)	(27,626)	(1,789)	(650)	(30,065)	(34,567)	(4,502)	4,502
	Net Expenditure	13,275	2,906	2,963	0	5,869	11,581	5,712	(5,712)
Community Services	Expenditure	610	7,256	3,087		10,343	8,195	(2,148)	2,188
	Funding	(427)	(2,882)	(800)		(3,682)	(2,076)	1,606	(1,607)
	Net Expenditure	182	4,374	2,287	0	7,011	6,119	(542)	581
Total	Expenditure	27,591	59,126	15,566	11,143	85,835	82,745	(3,090)	(4,023)
	Funding	(6,566)	(35,418)	(3,131)	(11,143)	(49,692)	(49,231)	461	2,895
	Net Expenditure	21,025	23,708	12,435	0	36,143	33,514	(2,629)	(1,128)

In overall terms, net expenditure is forecast to be £2.6m below the in-year capital budget. The key variations are as follows:

Transportation (+£5.7m)

- In setting the 2006-07 to 2008-09 Capital Programme, Transportation were tasked with achieving £18m of reductions to deliver a net programme of £29.8m over the 3 years. These could either be achieved by generating additional income, i.e. converting borrowing approvals to capital grants, or reducing expenditure. In setting the 2007-08 Capital Programme £4.8m of additional income was included in the overall funding assumptions but was not appropriately credited against the £18m reductions target. Transportation are confident of delivering their programme within the 3 year net target of £29.8m however they are forecasting an overspend of £5.7m within year largely as a consequence of the £4.8m error. This will need to be managed in the 2008/9 MTP. The residual comprises a £250k overspend on the Stoke Hammond and Linslade Western Bypass (see below), £267k due to Cressex Link Road receipts being taken into the 'single capital pot' and £0.3m overspend on other schemes.
- The projected outturn for the Stoke Hammond and Linslade Western Bypass scheme is £16.122M (£5.0m over budget). This reflects 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. SEERA have given their support to this request but discussions with DfT suggest that they would look to Buckinghamshire and Bedfordshire County Councils to contribute towards this. Included in the forecast above is an estimated contribution of £250k from BCC. However, this may need to be revised depending on the outcome of negotiations.

Strategic Planning and Waste (-£7.2m)

- High Heavens Green Hub (-£4.4m) – A phase of this project has now been suspended due to the level of projected overspend forecast. £550k of expenditure has been incurred to date, £441k of which is potentially abortive work which will have to be charged back to revenue. Alternative options for a "value for money" solution are being worked up and a business case will be considered at the October meeting of the Business Investment Board (BIB). At this stage it is anticipated £2.5m of the original approved budget will not be required. However, the existing site has been experiencing regulatory problems due to odours and the Environment Agency has indicated that a prosecution action could occur if the problems persist on a regular basis. A business case is therefore being drawn up with options for resolving the problem. This would need to be considered alongside an other bids that were not included in the 2007-08 Capital Programme due to lack of resources.
- Aylesbury HWRC (-£3.2m) – The current programme for construction currently aims for works starting no earlier than March 2008 with completion achieved by December 2008. However, it is possible there may be some slippage on these dates. Consequently the majority of expenditure on this scheme will slip into 2008/09.
- These underspends are offset by overspending of £265k on the Beaconsfield Household Waste site due to a delayed start, unforeseen costs and a claim by the

contractor, together with a £155k overspend on the Waste Management Facility scheme due to land purchase costs.

Community Services (-£0.5m)

- The variance is mainly due to the majority of spend on Langley Park now programmed to take place next year, leading to a £0.6m slippage against the cash limit for the year.

Resources (-£0.6m)

- Integrated Children's Systems (-£0.4m) - The current spending plan suggests that £404k of expenditure will be required of the £781k budget allocation. However there is some uncertainty whether an update may need to be purchased in December for a phase of the project to "go live" in March 2008. Currently the value of this cannot be quantified and will not be known until December, and may result in the underspend being lower than currently reported. This will be reported as soon as the information is available.

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.

Background Papers

None

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 2 November 2007. This can be done by telephone (to 01296 383604 or 383610), Fax (to 01296 382538), or e-mail to cabinet@buckscc.gov.uk

The table 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. There is however a risk that £1.5m of the corporate procurement savings will not be achieved.

TABLE - Cashable efficiency savings as at 30/9/2007

Portfolio	MTP savings within Forward Look £'000	MTP efficiencies Saved to date £'000	Forecast outturn £'000	Variation (Under)/ Over £'000	Comments
Deputy Leader	11	5	11	0	The service is expecting to fully achieve the identified efficiency saving on allowances, telephones, IT and meeting costs.
Children's Services	957	495	897	(60)	Safeguarding - re contact centre. Delayed until 2008-9
Adult Social Care	2,161	714	1,486	(675)	Forecast not to fully achieve efficiencies on: £200k - ending of EDC & FM projects, £264k - reduce average external domiciliary care package by 3 %, £156k - Bring average cost of direct payments to average cost of traditional service, £55k - additional cost of providing EDC service
Resources	2,617	356	2,592	(25)	The service will not fully achieve the Transformation efficiency identified but are confident that they will be able to cover the overspend.
Transportation	547	273	547	0	
Strategic Planning and Waste	572	286	572	0	
Community Services	156	88	156	0	
Total	7,021	2,217	6,261	(760)	

TABLE - 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 Outurn / Forecast (07-08)	4,917	6,566	6,261	17,744
Target (£'000) @ 2.5%	5,783	5,252	5,517	16,552
Cumulative Over /(under) performance	(866)	1,314	744	1,192

