

**Wiltshire Council**

**Cabinet**

**14 September 2010**

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**Subject: Revenue Budget Monitoring 2010-11**

**Cabinet Member: Councillor Fleur de Rhe-Philippe  
Finance, Performance and Risk**

**Key Decision: No**

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**Executive Summary**

To advise Cabinet of the revenue budget monitoring position as at 31 July 2010 for financial year 2010-11.

**Proposal**

That Members note the report pending future monitoring reports that will highlight actions being taken to reduce the overspend back to a balanced budget.

**Reasons for Proposals**

That Members can approve a corporate approach to managing the financial pressures and government reductions.

**Matthew Tiller  
Interim Chief Accountant (Acting Section 151 Officer)**

## Wiltshire Council

### Cabinet

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**Subject:** Revenue Budget Monitoring 2010-11

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#### Purpose of Report

1. To advise Cabinet of the revenue budget monitoring position as at 31 July 2010 for financial year 2010-11.

#### Background

2. This revenue budget monitoring report builds on the first report provided to Cabinet in July. There are assumptions around financial pressures already identified being effectively managed.
3. Members should note that the appendices have been amended so that overspends are now reported as positive and underspends are reported in parenthesis. This is in line with best practice across the public sector.
4. The financial pressures in this report are in addition to the £24 million savings and efficiencies that were identified during the 2010-11 budget process. These are being tracked and managed by the council's various transformation programmes and boards e.g. Commissioning and Procurement Board.

#### Revenue Budget – Councils Overall Position

5. The councils overall position as reported in July was a projected overspend of £4.811 million. As detailed further in the main body of the report this has been actively managed and reduced to a revised projected overspend as at the end of July of £2.738 million. This can be summarised as follows.

	<b>Pressures £ million</b>	<b>Plans put in place £ million</b>	<b>Current Shortfall £ million</b>
Central government	5.101	3.720	1.381
Service related	10.918	8.351	2.567
Other	1.380	2.000	(0.620)
<b>Total</b>	<b>17.399</b>	<b>14.071</b>	<b>3.328</b>
Position reported in July 2010	15.873	11.062	4.811

6. To aid transparency in reporting and to reconcile back to the appendices associated with the report, the current shortfall can be further summarised across departments as follows.

Department	Current Shortfall			
	Central Govt £ million	Service Related £ million	Other £ million	Total £ million
Children & Education	0.710	-	0.380	1.090
Community Services	0.340	2.310	-	2.650
Neighbourhood & Planning	0.331	0.497	0.750	1.578
Health & Wellbeing	-	0.210	-	0.210
Resources	-	(0.450)	0.250	(0.200)
Corporate Headings	-	-	(2.000)	(2.000)
<b>Total</b>	<b>1.381</b>	<b>2.567</b>	<b>(0.620)</b>	<b>3.328</b>
Position reported in July 2010	1.701	2.360	0.750	4.811

7. At present work is ongoing to mitigate and further reduce the councils current forecast overspend. It is envisaged that over the coming monitoring reports to members, management actions undertaken will fully meet the forecast overspend and bring the council back in balance

#### Revenue Budget – Central Government Impact

8. The monitoring report in July detailed the impact of the new coalition government's emergency budget that was announced in June 2010. The reported position in July on the impact of the measures that were introduced was a £1.701 million shortfall, the current position is shown below.

Emergency Budget	Impact on Council £ million	Plans in Place £ million	Current Shortfall £ million
Area Based Grant (ABG)	2.720	1.670	1.050
Free swimming grant	0.281	-	0.281
Housing & Planning Delivery grant	1.800	1.800	-
VAT Jan 2011 increase	0.300	0.250	0.050
<b>Total</b>	<b>5.101</b>	<b>3.720</b>	<b>1.381</b>
Position reported in July 2010	5.101	3.400	1.701

9. A corporate decision will need to be made following the announcement of the cessation of the free swimming grant. Any decision will be reflected in future monitoring reports.
10. The increase in VAT cannot be applied in time for January 2011 to car parking due to the process in increasing fees and the current consultation on existing charging regime. The cost is forecast at £0.050 million.

11. All services in the Council are actively looking at measures to address the remaining shortfall in Area Based Grant (ABG). The intention is to protect frontline services by identifying a range of efficiency measures.
12. The £1.670 million of plans put in place to address the reduction is detailed in the table below and will be reflected in the next monitoring report by a budget reduction against the service area highlighted. This will reduce the council's total net budget from £348.547 million to £346.877 million.

<b>Department – Service Area</b>	<b>ABG / budget reduction £ million</b>
DCE – School Support & SEN	0.337
DCE – Extended Schools Start up Funding	0.400
DCE – Targeted Services	0.350
DCE – Social Care & Safeguarding	0.111
DCE – Commissioning Strategy	0.102
<b>Sub total DCE</b>	<b>1.300</b>
DNP – Passenger Transport	0.370
<b>Total</b>	<b>1.670</b>

13. Action has been taken within DNP to fully address the loss of ABG for road safety, £0.370 million, through the winding down of the Road Safety Camera Partnership and road safety activities.
14. Action has been taken within DCE to identify savings to address the reduction in ABG. £1.300 million has been identified. Savings in staffing costs have initially been identified through vacancies however this will result in reduced capacity across services, for example to support improvement in schools. Payments to clusters of schools for extended schools activities have been reduced.

#### Revenue Budget – Service Related Pressures

15. The council is taking a corporate approach in dealing with the reduction in government grant funding and also in dealing with any forecast service demand budget pressures that are anticipated during the financial year. The service demand pressures facing the council are detailed below.

<b>Department</b>	<b>Pressures £ million</b>	<b>Plans put in place £ million</b>	<b>Current Shortfall £ million</b>
Children & Education	1.021	1.021	-
Community Services	5.131	2.821	2.310
Neighbourhood & Planning	2.506	2.009	0.497
Health & Wellbeing	0.210	-	0.210
Resources	2.050	2.500	(0.450)
<b>Total</b>	<b>10.918</b>	<b>8.351</b>	<b>2.567</b>
Position reported in July 2010	10.022	7.662	2.360

### Department for Children & Education (DCE)

16. The department is facing a number of financial pressures in 2010-11. These are currently forecast at £1.021 million, unchanged from the position reported to Cabinet in July, mainly around demand led pressures and the impact of legislative change within social care.
17. A recovery plan has been put in place to manage all of these cost pressures which was outlined in the July report, mainly focused around the improvement and effectiveness in the commissioning of services and the realisation of savings through staffing.
18. A potential liability has been included in the corporate risk register in relation to a claim against a Wiltshire school by a building contractor. Work is ongoing to fully quantify the potential liability.

### Department of Community Services (DCS)

19. The department has identified a number of financial pressures, most significantly demand led pressures within Adult Social Care. The department experienced an increase in demand for referrals in 2009/10, over and above demographic demand pressures. The department is continuing to experience an increase in demand during the current financial year as well as increases in the complexity and intensity of care packages, resulting in increased costs.
20. Current identified financial pressures are unchanged from the previously reported position of £5.131 million. The department has instigated a range of measures, as identified in the previous report, to manage these cost pressures down, and as a result is now forecasting a £2.310 million overspend.
21. Libraries, Heritage and Arts and Community Leadership services are being reviewed to identify what further efficiencies could be achieved in year, over and above the £0.250m efficiency savings already included from the review of the library service.
22. In the previous three financial years, the department's financial position has been supported through the use of one-off resources. These one-off resources are no longer available to help the department to manage the financial pressures in this financial year.

### Department for Neighbourhood and Planning (DNP)

23. Overall the department is projecting an overspend of £1.578 million, as shown in appendix 1. This is a combination of pressures announced in the emergency budget and significant service cost pressures, totalling £2.506 million, which are being addressed across the department by a number of savings and efficiencies.
24. The service related pressures have increased from £1.870 million as reported in July to £2.506 million. The main element of this increase is the forecast income

arising from car parking is below profile for the first four months of the year and is not anticipated to be fully recouped by year end.

#### Department for Health and Wellbeing (DHW)

25. The department has forecast an overspend of £0.210 million, an increase from a zero variance in the previously reported figures.
26. The forecast variance is predominantly associated with issues around the current staffing budgets. These are currently being examined with a view to being fully resolved.

#### Department of Resources (DoR)

27. The department identified financial pressures totalling £2 million in the report to Cabinet in July. These pressures are being effectively managed and contained within the department and no further significant pressures have been identified. A small overspend has arisen within the Shared Services & Customer Care service largely due to pressure around staffing for customer services.
28. The recent harmonisation of the insurance contract will lead to a significant revenue saving forecast at circa £0.500 million. Relevant budgets across the councils departments are now being centralised and it is envisaged that after this process has been finalised the final variance will be confirmed.
29. Further work continues to be carried out to identify areas of potential saving and to ensure profile budget and commitments are properly aligned with anticipated actual spending.

#### Revenue Budget – Other and Corporate Issues

30. Across the Council redundancy costs are currently projected at around £1.380 million for the financial year. This is an increase of £0.630 million on the previously reported figure of £0.750 million. There are two reasons for the increase; the first is due to the cost arising from the redundancies of non teaching school staff, estimated at £0.380 million, the second is £0.250 million from the planned transformation and restructure of the design and print service. These pressures will have to be absorbed by the council as the transition fund was fully utilised in 2009-10.
31. In line with managing redundancies corporately and assessing the merits on a business case i.e. obtaining future savings through service transformation, future monitoring reports will remove redundancy costs that cannot be absorbed by department service lines and shown it as a one line under corporate headings in the councils overall summary.
32. During the successful and timely closure of the 2009-10 accounts the council conducted a review of some of the methods and options on how capital expenditure is financed. During this review a technical swap of financing is anticipated to lead to at least an underspend of circa £2.000 million against the

original capital financing budget, contained within the central financing line under corporate headings in appendix 1. Further technical analysis is being carried out which could provide further revenue savings. In addition to this the proposed re-profiling of the Workplace Transformation Programme (WTP) will lead to the delay in financing costs and thus result in a revenue saving in this financial year which will be reported in next months monitoring.

33. The council has an approved invest to save pot of £0.300 million. So far one scheme associated with street lighting, at a cost of £0.100 million, has been approved. Further proposals are being assessed and will be approved via a delegated decision by the cabinet member for Finance, Performance and Risk.

#### Main Consideration for the Council

34. To note the current budget monitoring report.

#### Environmental Impact of the Proposal

35. None have been identified as arising direct from this report.

#### Equality and Diversity Impact of this Proposal

36. No equality and diversity issues have been identified or arising from this report.

#### Legal Implications

37. None have been identified as arising direct from this report.

#### Risk Assessment

38. Significant service financial pressures, in addition to central government grant reductions, have already been identified across departments in year amounting to nearly £11 million. Actions to manage these pressures are in place. Ways of managing the remaining £2.5 million department pressures are being developed. Failure to deliver these actions will result in an overspend for the Council.
39. The council has identified in its corporate risk register various elements which are covered within this monitoring report, most notably the impact the current economic climate has on the council's finances and the recent potential liability surrounding the claim against a Wiltshire school.

#### Financial Implications

40. These have been examined and are implicit throughout the report.

## Proposals

41. That Members note the report pending future monitoring reports that will highlight actions being taken to reduce the overspend back to a balanced budget.

## Reasons for Proposals

42. That Members can approve a corporate approach to managing the financial pressures and government reductions.

**Matthew Tiller**  
**Interim Chief Accountant (Acting Section 151 Officer)**

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Report Author: Andy Brown

Unpublished documents relied upon in the preparation of this report:  
Environmental impact of the recommendations contained in this report: NONE

Appendix 1 – Wiltshire Council Revenue Budget Monitoring Report