

Wiltshire Council

Cabinet

22 March 2011

**Subject: Revenue Budget Monitoring 2010-11
(As at the end of Period 10)**

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

Key Decision: No

Executive Summary

To advise Cabinet of the revenue budget monitoring position as at 31 January 2011 for financial year 2010-11. At this point in time an overspend of £0.960 million is projected. This is a £0.157 million decrease in the forecast position since the last monitoring report of £1.117 million, mainly as a direct consequence of updated assumptions made by officers around the ICT service budget. The next revenue monitoring report to members will show the final outturn for the Council for 2010-11.

Proposal

That Members note the report showing a forecast overspend of £0.960 million, which remains in line with the Council's financial plan.

Reasons for Proposals

That Members can approve the financial position of the Council at the continued corporate approach to managing the financial pressures and government reductions ahead of the final outturn for 2010-11.

**Michael Hudson
Interim Chief Finance Officer**

WILTSHIRE COUNCIL

CABINET

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**Subject: Revenue Budget Monitoring 2010-11
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**Cabinet Member: Councillor Fleur de Rhe-Philippe
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Key Decision: No

Purpose of Report

1. To advise Cabinet of the revenue budget monitoring position as at the end of Period 10 (31 January 2011) for financial year 2010-11.

Background

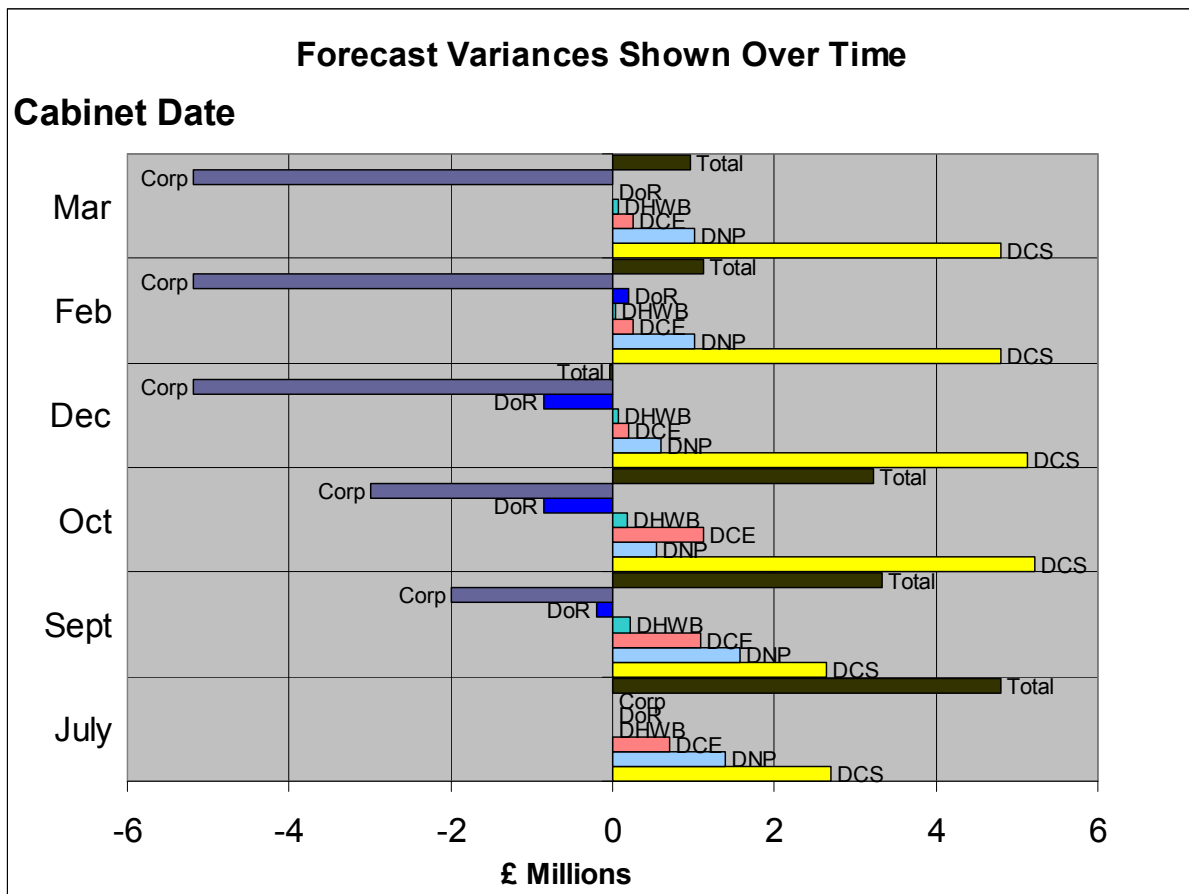
2. This report is now set out slightly differently from previous monitoring report to Members. The key changes are: -
 - Presentational - inclusion of graphs and tables, with focus on Departmental monitoring including the impact of the Government's reduction to Area Based Grants in June 2010.
 - Completeness - forecasts for the Housing Revenue Account have been included. In addition, assessments of general fund and earmarked reserves are raised.
 - Risk - Accountancy focus continues to be on those services that forecast to over or underspend by 31 March 2011 by + / - £0.5 million. Budget monitoring and the forecast variance have all been linked to the setting of the 2011-15 business and financial plan.

Summary

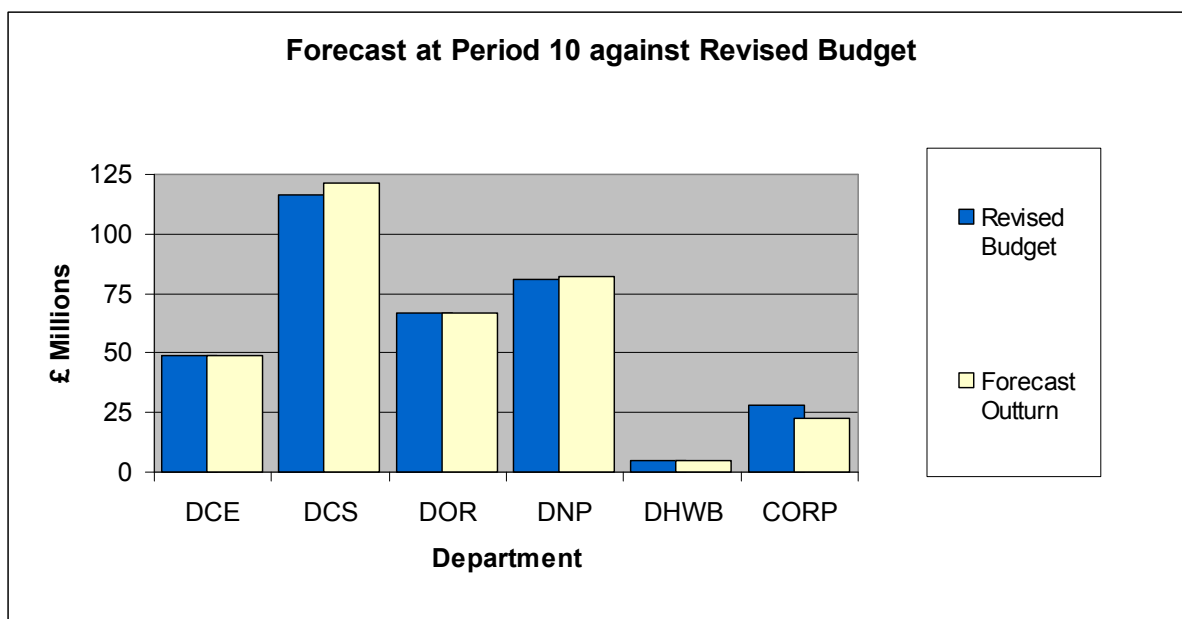
3. The projected year end position for the relevant account is as follows:

	Revised Budget £ m	Actual Period 10 £ m	Forecast Y/E £ m	Under/ Overspend £ m	Movement from period 9 £ m
General Fund	346.243	424.760	347.203	0.960	(0.157)
HRA	(1.292)	(2.981)	(1.006)	0.286	0.286

4. The forecast for the General Fund shows a continued improvement until the latest position outlined in this report and shown in the graph below which details the forecast variance for each department, the council overall over each report to Cabinet.



5. The graph below shows the forecast outturn position against the revised annual budget for each department as at period 10. A full analysis is provided in Appendix 1.



6. The key areas of movement since last period has been:
- DHWB - £0.042 million increase arising from a revised forecast on income within Public Protection.
 - DOR - £0.200 million reduction due to updated assumptions made within the ICT service.

The detail around these departmental projections is set out at Section 5 of this report and Appendix 1.

7. The forecast overspend of £0.960 million will be funded by a draw on the general fund reserve; this is detailed in paragraph 30 and has been fully allowed for in the 2011-12 revenue budget proposals. However, work will continue to bring back the budget to a balanced position as we move to an outturn position.

Recommendation

8. The updated 2010/11 budget projections be noted.

Detailed Monitoring

General Fund

9. The overall net position by departments is as follows:

Department	Revised Budget £ m	Actual Period 10 £ m	Forecast Y/E £ m	(Under)/overspend £ m	(Under)/overspend Reported at period 9 £ m	Movement since period 9 £m
DCE (paras 11-13)	48.964	177.876	49.212	0.248	0.247	0.001
DCS (paras 14-17)	116.228	109.245	121.028	4.800	4.800	-
DNP (paras 18-20)	80.950	67.970	81.973	1.023	1.023	-
DHWB (paras 21-22)	5.078	3.748	5.153	0.075	0.033	0.042
DOR (paras 23-25)	66.989	59.498	66.989	-	0.200	(0.200)
Corporate (paras 26-28)	28.034	4.423	22.848	(5.186)	(5.186)	-
TOTAL	346.243	422.760	347.203	0.960	1.117	(0.157)

10. A summary of the forecast is set out by Departments in the following sections:

Department for Children and Education (DCE)

11. Taking in to account the shortfall in ABG savings which is being reported against DCE to Cabinet, the Department is projecting an overspend of £0.248 million against the LA funded budget. Whilst this is unchanged from the previous month there has been movement within individual service areas. There continues to be pressure on Social Care budgets, in particular the Care Leavers and Unaccompanied Asylum Seeking Children budgets.
12. The projected overspend in Social Care has increased by £0.322 million in January however this increase has been offset by increased underspends in Connexions and Staff Development.
13. The Dedicated Schools Grant continues to show a projected underspend of £2.499 million.

Community Services

14. At the end of January 2011, the Department of Community Services continues to report an over spend forecast of £4.8 million, £0.277 million of this being the in year central government ABG reduction. This position is unchanged from the previous month reported.
15. The Department continues to ensure that expenditure is tightly controlled through a panel process and all packages of care authorised at Service Director level.
16. The Department is continuing to work in partnership with the Primary Care Trust (PCT) and has agreed the transfer of funding from the Department of Health to help manage the additional pressures experienced through the winter period. The forecast reported reflects this.

17. In the longer term, the corporate business plan seeks to address these demand pressures through additional investment and the radical redesign of services in a measured and considered approach to transform them for the future and to make them sustainable. Corporate Support in line with the business plan is required to help manage the position through this financial year.

Neighbourhood & Planning

18. The Neighbourhood & Planning Department is projecting an overspend of £1.023 million at the end of January. This position is unchanged since the last report.
19. With more accurate information now available on the costs associated of dealing with the activity on Highways Winter Maintenance during December the estimated overspend has increased by £0.100 million to £0.600 million.
20. Further savings and additional income within the Strategic Highways service line are being achieved which offsets this within the Department.

Health & Wellbeing

21. The projected budget overspend has increased from £0.033 million to £0.075 million. This increase is a direct result of a revised income projection within Public Protection, where income relating to Environmental Protection and licences was expected to be £0.042 million over the income target but is now forecast to be on line.
22. The Public Protection overspend is almost entirely made up of unbudgeted redundancy costs, £0.070 million, that have resulted from making two members of staff redundant during the year.

Resources

23. The Department is now reporting a balanced position as at the end of January 2011 which represents a decrease of £0.200 million from the last reported position.
24. Detailed monitoring continues to be undertaken on the key risk areas within the department, most notably the ICT service line. The service was forecasting a £0.600 million overspend following assumptions made by officers around the transitional costs of the new service. These will be finalised at year end but updated assumptions as we near the year end have been made to the provision that will be made and is reflected in the forecast in this report.
25. Work continues on disaggregating the Strategic Property Services line down into its component parts, namely separating out the budget and costs associated with properties within the Campus and Operational Delivery Programme, formerly the Workplace Transformation Programme, and the remainder i.e. farms, commercial, other operational properties not in the programme.

Corporate Headings

26. There has been no change in the current forecast underspend of £5.186 million against corporate headings.
27. The underspend is a combination of the one off provision release, as outlined in previous monitoring report, the underspend as a direct result of delays in capital expenditure and the revenue financing cost associated with those. The underspend also takes into account an estimate of £6.380 million redundancy costs by the end of the financial year.
28. The Secretary of State has announced that the Council has approval to capitalise up to £1.4 million of the statutory element of the redundancy cost. This amount has recently been added to the Capital Programme and the most effective way of financing this cost will be made by the Chief Finance Officer once all actual severance costs are known.

Housing Revenue Account

29. The latest forecast as at period 10 is a £0.286 million overspend against the net budget, however this will still result in a return to HRA reserves of over £1 million at year end. The pressures are mainly as a result of service enhancements included in the improvement plan which followed the recent housing inspection.

Reserves

30. The tables below provide the latest forecast as at period 10 on the general fund balance and estimated earmarked reserves held by the council. The latest forecast on general fund currently stands at £11 million. This has been factored into the revenue budget proposals for 2011/12 and also allows flexibility in movement in the forecast for 2010/11, due to uncertainty around actual costs arising from severances.

General Fund Reserve	£ million	£ million
Balance as at 1 April 2010		13.770
Planned contribution in 2010/11	1.875	
Loss of LABGI grant	(0.574)	
Defer planned contribution	(1.875)	
Current Forecast Overspend	(0.960)	
Allowance for contingency and movement in forecast i.e. severance costs	(1.000)	
Total Forecast movement		(2.534)
Forecast Balance 31 March 2011		11.236

Earmarked Reserves	Opening Balance £ million	Planned Drawdown £ million	Forecast Closing £ million
Capital Revenue Reserve	1.500	(1.000)	0.500
PFI Reserve	4.251	(2.125)	2.126
Insurance Reserve	6.019	(2.019)	4.000
Schools Balances	17.493	-	17.493
WTP Reserve	0.228	-	0.228
Libraries operating reserve	0.059	-	0.059
Housing	0.042	-	0.042
Forecast Balance 31 March 2011	29.592	(5.144)	24.448

31. A review of the assessment of need was undertaken by the S.151 to link all the General Fund balance to risk. This was reported to Members in the setting the 2011/12 financial plan, taking into consideration the 2010/11 latest forecast that was reported at period 9, £1.117 million overspend. The current forecast at period 10 is therefore within the forecast used for the Councils financial plan.

Main Consideration for the Council

32. To note the current budget monitoring report.

Environmental Impact of the Proposal

33. None have been identified as arising directly from this report.

Equality and Diversity Impact of this Proposal

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

Legal Implications

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

Risk Assessment

36. Significant service financial pressures, including Central Government grant reductions, have been identified across departments during the financial year. Actions to manage these pressures have been agreed previously in addition to a one off use of reserves.
37. Budget Monitoring will continue to review this and the total position.
38. The Council has identified in its corporate risk register various elements which are covered within have been covered in previous monitoring reports, 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

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

Proposals

40. That Members note the report showing a forecast overspend of £0.960 million, which remains in line with the Councils financial plan.

Reasons for Proposals

41. That Members can approve the financial position of the Council at the continued corporate approach to managing the financial pressures and government reductions ahead of the final outturn for 2010-11.

Michael Hudson
Interim Chief Finance Officer

Report Authors: Andy Brown and Michael Hudson

Unpublished documents relied upon in the preparation of this report: NONE

Environmental impact of the recommendations contained in this report: NONE

Appendix 1 – Wiltshire Council Revenue Budget Monitoring Report