

Wiltshire Council

Cabinet

13 December 2011

Budget Monitoring Period 7 October 2011

Cabinet Member: Cllr John Brady – Finance, Performance & Risk

Key Decision: No

PURPOSE OF REPORT

1. To advise members of the revenue budget monitoring position as at the end of Period 7 (October 2011) for the financial year 2011/2012 and highlight any significant new cost pressures or changes since the last report on 18 October 2011.

COST AND INCOME PRESSURES

2. Finance have continued to monitor budgets with a focus on those budgets assessed to be subject to a higher risk of volatility due to factors such as changes in demand or assumptions. This has identified the areas where costs have risen quicker than forecast.
3. Budget monitoring is an ongoing process and budgets and expenditure are reviewed between budget managers and accountancy regularly, on a risk based approach.
4. The Period 5 report identified significant potential cost pressures in those high risk services totalling £2.859 million. This report identifies an overall improvement in these cost pressures with a reduction totalling £1.320 million. This gives a downward revised cost pressure of £1.539 million at period 7. This is summarised and tied back to the last monitoring report in the following table.
5. This month's report shows more detailed information and includes a number of smaller variances. Full details of departmental figures are included in Appendix C.

	Reported Period 5 £m	Variance £m	Current Pressures Period 7 £m
Demand for adult care services	1.308	(0.270)	1.038
Looked after children and Integrated Youth	(0.034)	(0.120)	(0.154)
Income from car parks and PCNs	1.100	0.550	1.650
Park and Ride and HMRC refund	(0.400)	0.100	(0.300)
Underprovision in waste assumptions	0.450	(0.260)	0.190
Leisure	0.265		0.265
Legal	0.600		0.600
Finance	0.100	(0.080)	0.020
Capital Financing	(0.750)	(0.750)	(1.500)
Highways and Streetscene	0.250	0.560	0.810
Other small variances	(0.030)	(0.030)	(0.060)
Services identifying new variances			
Highways Strategic Services		(0.110)	(0.110)
Business Services		0.100	0.100
Strategic Property Staffing Transformation		(0.300)	(0.300)
		0.350	0.350
Educational transport		(0.240)	(0.240)
Economy and Enterprise		(0.400)	(0.400)
Development Services		(0.180)	(0.180)
Public Transport (excluding Park and Ride)		(0.200)	(0.200)
Business Support		(0.040)	(0.040)
Total	<u>2.859</u>	<u>(1.320)</u>	<u>1.539</u>

BUDGET MOVEMENTS SINCE PERIOD 5 REPORTED TO MEMBERS

6. There have been some interdepartmental movements in budget since the last monitoring report at period 5.

Detailed monitoring

7. The overall revised projected net position by departments is as follows:

Department	Current Budget at Period 7 £ m	Actual Period 7 £ m	Forecast Y/E £ m	Projected (Under)/overspend £ m	(Under)/overspend reported at period 5 £ m	Movement since period 5 £ m
DCE	65.919	148.242	65.765	(0.154)	(0.034)	(0.120)
DCS	132.310	78.946	133.348	1.038	1.308	(0.270)
DNP	76.127	36.809	77.572	1.445	1.665	(0.220)
DTR	41.975	26.495	42.125	0.150	0.000	0.150
CEX	22.725	3.625	23.285	0.560	0.670	(0.110)
Corporate	(9.209)	(25.076)	(10.709)	(1.500)	(0.750)	(0.750)
General Fund Total	329.847	269.041	331.386	1.539	2.859	(1.320)
Housing Revenue Account	(0.411)	(0.411)	(0.411)	0.000	0.000	0.000

8. A more detailed summary of the forecast variances is set out by department as follows. Budgets are profiled to reflect actual spend within the year. This leads to some variances between the current profiled period 7 and actual to date. This is due to timing differences for example with schools and work will continue to refine budget profiling within the year.

Department of Children and Education (DCE)

9. As at the end of October 2011 DCE is projecting an underspend of £0.154 million. Pressures on placements for looked after children reported previously to Cabinet remain and placement budgets are projected to overspend by £0.699 million. This reflects higher than budgeted activity with projected nights care exceeding the budget by 18,441 nights in total, although it should be noted that fewer nights have been commissioned in external residential care, enabling unit costs to be kept lower than budgeted for.
10. Pressures also continue in the Leaving Care service and against the budget for unaccompanied asylum seeking children.
11. The projected overspend within Social Care is currently mitigated by recovery actions taken to date including re-contracting of services, planned delays in filling vacancies across the Department and exceeding year 1 savings targets, for example in Social Care Business Support services. Vacancies across the Schools & Learning services are also offsetting the projected income shortfall at Urchfont Manor.

RAG RATING

12. The Council has revisited the RAG review of saving agreed for 2011/2012 last reported to members on 26 July 2011. The savings identified are continually monitored as part of the ongoing monitoring process. The updated RAG rating is included in Appendix D.

DCE RAG Rating of 2011/12 Savings

13. The status of budget savings agreed for 2011/12 has been reviewed. The only change to the assessment presented in September is that the saving for Urchfont is now rated as Red. The budget for Urchfont is projected to overspend in the current year due to a shortfall in income, this is unlikely to be recovered in year.

Overall conclusions

14. The October cabinet report for period 5 suggested an overspend / shortfall on the balanced budget of £2.859 million due to cost pressures.
15. During the period additional cost pressures and savings have been identified that gives a downwards reduction of £1.320 million. This has resulted in a revised forecast of a potential projected overspend based on assumptions, at end of period 7, of £1.539 million

Cost pressures reported period 5	£2.859 million
Reduction in cost pressures in period	(£1.320 million)

Cost pressures end of period 7	£1.539 million
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16. The early identification of potential issues is part of sound and prudent financial management. Action to address this year's forecast should be taken where officers have the delegated powers to do so and this is underway.

Proposals

17. Members are asked to note the outcome of the period 7 (October) budget monitoring and receive updates movements since the previous report in October.

Reasons for proposals

18. To inform effective decision making and ensure a sound financial control environment.

Background Papers and Consultation

2011-15 Business Plan

2011-15 Financial Plan

Budget Monitoring Cabinet 26 July 2011

Budget Monitoring Cabinet 13 September 2011

Budget Monitoring Cabinet 18 October 2011

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Appendices:

Appendix A: Revenue Budget Movements 2011/2012

Appendix C: Detailed Departmental Budget Statements

Appendix D: Individual Departmental Risk Analysis