

CABINET  
30 October 2007

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**CAPITAL, REVENUE BUDGET AND SERVICE STANDARD MONITORING –  
AUGUST 2007**

**Executive Summary**

The projected variation for the 2007-08 is estimated as an overspending of £0.700 Million

Available general balances are estimated to be £6.388 million as at 31<sup>st</sup> March 2008

The current capital programme is £79.599 million and there is a requirement to re-programme £0.028 million into the 2008-09 financial year.

There is a projected variation of £28,000 due to cash underspends on various schemes within the capital programme.

The report details the use of delegated powers by the Chief Financial Officer.

**Proposals:**

Cabinet is asked to ;-

- Note the projected overspend of £0.700 million
- Note the projected level of balances of £6.388 million
- Approve the Virements set out in note 13 of the report
- Note the current projected variation of £28,000 in 2007-08;
- Note the use made of delegated powers in relation to the capital programme in August 2007-08, as detailed in Appendix 5.
- Note the progress made on the Proposed Wiltshire Academy Project and to note the appropriate risks that have been taken on this project at this early stage.
- To note the progress that has been made on the Wiltshire Academy Project and to note the appropriate risks that have been taken on this project at this early stage.

**Reasons For Proposals**

To inform the Cabinet of the current budget position, spending pressures and the implications for general balances.

SANDRA SCHOFIELD  
Chief Financial Officer

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**CAPITAL, REVENUE BUDGET AND SERVICE STANDARD MONITORING –  
AUGUST 2007**

**Purpose of the Report**

1. To formally report on the budget monitoring position for August 2007.
2. The purpose of this report is to update the Cabinet on the current position of the Capital programme and to report on use of delegated powers since the start of the year.

**Main Considerations for the Cabinet**

**Revenue Position August 2007**

3. The Cabinet was presented with the August position at its meeting in September, the report is attached at Appendix 1.
4. The report shows a projected overspend in the Department for Children & Education of £0.221. This overspend has occurred because of the following.
5. In house foster care are providing more nights than budgeted for, but at a lower unit cost therefore they are projecting an underspend. External foster care is providing less budgeted nights but at a higher than expected cost, this is in turn reflected in the projected overspend. External residential care is currently expected to deliver 2,828 more nights than budgeted for. The overspend relating to this is partly offset by the unit costs falling and therefore helping to reduce the projected overspend.
6. There is also a projected overspend within the disability placements. More nights than budgeted for are being delivered but at a lower cost, however this is still producing an overall projected overspend. Fewer residential nights are being delivered but at a higher unit cost which is also adding to the projected overspend within the department.
7. The Department for Community Services also has a projected overspend of £0.468 million. This is mainly due to the continuing demand above available resources for residential nursing home placements arising from acute and community hospital discharges. The department Leadership team is reviewing actions to be implemented to reduce the projected overspend. The overspend can be broken down as follows:
8. Residential and nursing placements for older people are currently being exceeded, the unit cost has decreased though therefore limiting the projected overspend.

9. The number of domiciliary clients within older people is under budget however the unit costs are greater within the section.
10. The learning disabilities residential/nursing placements and costs have both risen. The implementation of the commissioning strategy in 2008-09 should address this with the development of supported living. Day care costs and supported living costs are projected to exceed budget.
11. There are no projected year end variances for the Environmental Services Department.
12. The combined recycling rate for August 2007 was 39.1%. New BVPI (Best Value Performance Indicators) Guidance for 2007/08 issues by Audit Commission no longer allows for treated wood at Household Recycling Centres. The waste team and Hills are working on ways to find alternative outlets/uses for this material which will satisfy the new guidance and restore the BVPI performance.
13. The Highways structural maintenance programme has been changed to include more sites treated with cheaper micro-surfacing, which increases the overall KM which can be treated. The programme is being reviewed , and reported on within September's reporting.
14. The Department of Resources is still showing the 0.011 projected overspend relating to the Flood precepts which were set before the levies were finalised, as reported last month.
15. The following virements require approval. Both virements are due to the movement of the Development Services Corporate Grants held by Resources Department being transferred to Community Services Department. This happened in time with the beginning of the financial year, however, the correct amount has taken a while to agree upon, and therefore, the virement has been delayed.

	<b>From Department</b>	<b>To Department</b>	<b>Value</b>	<b>Reason</b>
1	Department of Resources	Department of Community Services	£563,000	Transfer of Development Services Corporate Grants team costs that has been delay
2	Department of Resources	Department of Community Services	£20,000	Rollover from 2006-07 from the Development Services Corporate Grants team that has been delayed

#### Use of County Treasurer's Delegated Powers

16. Details of the use of delegated powers for the period August 2007 are given in Section 1 of Appendix 5.

## Summary of Current Position

17. Appendix 4 shows the position on the 2007-08 Capital programme following the exercise of delegated powers.
18. Comparing against a current programme of over £79 million, the projected year end variation is £28,000 (a projected net underspend). This is due to relatively small levels of real under or over spending on a number of projects.
19. Please note that there are a few changes which have been made under delegated powers which are referred to in Appendix 5. The details are contained in that Appendix
20. It is appropriate to highlight issues on the following projects not referred to in Appendix 5.

### The New Melksham George Ward School

The funding available for this project has been increased by £750,000 as described in the July 2007 report. Tenders have now been received and it is understood that a decision will be made on which one to accept in November 2007. It is anticipated at this stage that the scheme will be provided for within the revised funding envelope of £33.4 million.

### Replacement Financial Management System

The project is now entering the last phases of the competitive dialogue process at which point we'll be clearer about the likely costs of implementation. At that stage the project board will receive a report regarding affordability in order that a preferred supplier can be appointed and funding clarified.

21. The following scheme is not yet included within the existing capital programme.

### Proposed Wiltshire Academy

This large project has been in development for some time and has now reached the stage at which both Project Managers and Technical Advisors need to be appointed. A letter was received from the Department of Children, Schools and Families (DCSF) dated 9 October 2007 which details an indicative funding allocation of £18.52 million for this project. A detailed Funding Allocation Model (FAM) has also been received from the DCSF. However, this letter does not represent commitment of funding, which it is expected will be provided at a later stage following approval of the necessary business cases. At this stage managers are proceeding with a robust feasibility study which will consist of project management, technical advice and design. The DCSF estimate that this robust feasibility study will cost

between £250,000 and £300,000, although there is a risk that the cost will exceed this.

The Department of Children and Education (DCE) have commissioned this expenditure with this being initially met from within the DC capital programme budget, with the project being included in the capital programme when costs and funding are confirmed. There is a small risk of the work being abortive.

### **Risk Assessment**

22. There are no specific risks identified at this point.
23. The Capital Programme is very large and complex, with lots of schemes, some of which are high value. This means that the risks inherent in the Programme are also proportionally greater, for instance, from cost overruns or non-receipt of all expected income streams.
24. This highlights the need for close management of the Programme. The Capital Programme Management Working Group continues to meet monthly to monitor spending and recommend decisions on management of the Programme. Following these meetings any changes, for example to approve cashflows, is authorised under delegated powers, other issues would be brought to Members' attention where necessary.

### **Financial Implications**

25. These are explicit with the report.
26. The report as a whole considers the financial implications to the County Council's Capital Programme.

### **Proposals**

27. The cabinet is asked to ;-
  - Note the projected overspend of £0.700 million
  - Note the projected level of balances of £6.388 million
  - Approve the Virements set out in note 13 of the report
  - Note the current projected variation of £28,000 in 2007-08;
  - Note the use made of delegated powers in relation to the capital programme in August 2007-08, as detailed in Appendix 5.
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  - To note the progress that has been made on the Wiltshire Academy Project and to note the appropriate risks that have been taken on this project at this early stage.

## **Conclusion**

28. As noted in the body of the report, departmental leadership teams are reviewing the revenue budget projected overspending and actions to reduce the current level.

SANDRA SCHOFIELD  
Chief Financial Officer

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

**115/2007/CAB/DH**