WILTSHIRE COUNTY COUNCIL **AGENDA ITEM NO 08**

IMPLEMENTATION EXECUTIVE

23 September 2008

FINANCE UPDATE –

JULY 2008

Executive Summary

The projected variation on the 2008-09 revenue budget stands at an overspend of £0.157 million for Wiltshire County Council and an underspend of £0.570 million across the four districts.

Available general balances are estimated to be £7.987 million at 31 March 2009 within Wiltshire County Council and £10.4 million within the four districts at 31 March 2009.

The Implementation Executive has asked for information about the capital programmes of the five current councils. Each council has a monthly monitoring programme, and most have more detailed reviews at the end of each quarter. The finance community will therefore provide a report to the November meeting of the Implementation Executive, consolidated from quarterly reviews to the end of September 2008 (information will not be available until the end of October). This report will be able to include a forecast to the year-end.

Proposal

The Implementation Executive is asked to :-

a. Note that the projected variation on the 2008-09 revenue budget stands at an overspend of £0.157 million for Wiltshire County Council and £0.570 million within the four districts.
b. Note the estimated level of balances of £7.987 million within Wiltshire County Council and £10.4 million within the districts as at 31 March 2009.

Reasons For Proposal

To inform the Implementation Executive of the current 2008-09 budget position, Wiltshire County Council service standards and the implications for the general fund balances.

SANDRA FARRINGTON
Chief Financial Officer

WILTSHIRE COUNTY COUNCIL **AGENDA ITEM NO**

IMPLEMENTATION EXECUTIVE

23 September 2008

REVENUE BUDGET AND SERVICE STANDARD MONITORING – JULY 2008

Purpose of the Report

1. To inform Implementation Executive of the current revenue budget monitoring position for July 2008.

2. To inform Implementation Executive that the available general balances are estimated to be £7.987 million for Wiltshire County Council and £10.4 million across the four districts at 31 March 2009.

Main Considerations for the Implementation Executive

Revenue Budget – Wiltshire County Council

3. The projected variation on the 2008-09 revenue budget as at 31 July 2008 is an overspend of £0.157 million.

Department for Children and Education

4. The Department for Children and Education is currently projecting an overspend of £250,000 on the 2008-09 revenue approved budget.

5. Premature Retirement Costs for staff in schools are expected to exceed the budget by £250,000 and Maternity costs are expected to exceed the budget by £202,000 based on expenditure to date. Schools are able to reclaim the costs of covering maternity leave from this central budget.

6. The budget which funds the free nursery entitlement for 3 & 4 year olds is projected to overspend by £300,000 due to increased numbers. This increased pressure due to demographics will be reported to Schools Forum in September as a cost pressure both for the current year and for 2009-10.

7. Placement Budgets for Looked After Children (LAC) are projected to overspend by £386,755 (see Appendix 2 page 2). At present this overspend is offset by other savings within the Children & Families team budgets but numbers of looked after children are still in excess of budget and there is risk that this overspend will not be contained through the year.

Department of Community Services

8. The Department of Community Services is now reporting a small adverse variance of £57,000. The overall position remains dependent upon achieving savings targets and additional savings on Continuing Health Care.

9. The Department of Community Services are now reporting Older People and Physically Impaired as two separate budgets in line with the Revenue Approved Budget as agreed by Implementation Executive.

10. The Development Services budget is currently projecting an overspend of £123,000 due to a shortfall in income and two staffing posts that were not budgeted for.

11. The Older People budget is projecting a £256,000 underspend as at the end of July. This has reduced since June due to a more accurate count of re-ablement clients, increasing the projected client activity - which is now also much closer to the budgeted level (see Appendix 2 page 4). There have also been small increases in projected expenditure across most areas of the Older People budget. Achieving financial balance is still largely dependant on realising the commissioning savings target.

12. Physical Impairment is reporting an overspend of £0.407 million at the end of July, this is a small improvement on the June position (not reported to Implementation Executive due to the August holiday). The position for the service block as a whole is reflected in small reductions in the projected unit costs for both service standards (Appendix 2 page 4).

13. The Learning Disabilities projected underspend has increased slightly to £0.637 million, due largely to small improvements across all service standards. Residential/Nursing continues to indicate actual and projected client numbers above budget while Supported Living numbers are below budget (Appendix 2 page 5); this is due to the budget numbers including a provision for transferring 14 residential clients to Supported Living. This is linked to commissioning strategies being developed through this financial year.

14. Mental Health is projecting an overspend of £0.529 million. This is an improvement against £0.860 million at the end of June but this position is heavily dependent on achieving commissioning savings.

15. The Mental Health Older People Domiciliary unit cost reduced marginally within the month of July, largely as a result of projecting an additional 16 clients, most of which are in receipt of care packages of less than £4,000. The projected unit cost is still more than 10% above the budgeted level.

16. Mental Health Adults of Working Age - Residential/Nursing Placements is the only Mental Health service standard where there has been an increase in the projected unit cost this month. This increase is due to five new, expensive packages, all substantially over the budget unit cost of £25,912, with one at over £60,000.

17. Libraries and Heritage: Libraries are projecting an underspend of £140,000 down from £181,000 in June following a reassessment of current vacancies.

18. The Department of Community Services has provided a variance analysis for their placement budgets this month. This is shown in Appendix 2 page 5.

Environmental Services Department

19. The Environmental Services Department is projecting a balanced budget as at 31 July 2008. However, there are a number of variations expected in specific service areas as detailed in the following paragraphs;

20. A reduction of income is now projected from developers and land charges fees, within the Highways budget. This is a direct result in the downturn in the economy and in particular the housing market. The current projected shortfall in income is £0.350 million.

21. The Passenger Transport budget has also felt the effects of economic pressures. An increase in fuel prices for bus operators have led to higher than expected increases in contract prices. Current projections are that current costs will exceed budget provision by approximately £0.300 million.

22. Savings of £0.650 million have been identified within the Waste budget due to delays to the start of the Lakeside Waste contract.

23. Within the service standards, there has been a revision in the method of calculation of the' hourly' target within the Demand Responsive Bus Journeys service standards. The 2007-8 actual (using new method) was 54%. Targets (using new method) have been revised to 2007-08 = 49%, 2008-09 = 48%, 2009-10 = 46%.

Resources Department

24. The Resources Department is showing a net underspend of £150,000. This is due to a change in the pension backfunding cost estimate. All other services are currently projecting a breakeven position at the year end.

Revenue Budget – District Councils

25. The four district councils are showing a net underspend of £0.570 million as shown in the table below:

	Approved Budget 2008-09 £m	Projected Position for Year £m	Projected Variation for Year £m
North Wilts District Council	19.00	18.6	0.40
Kennet District Council	9.54	9.54	0.00
Salisbury District Council	14.90	14.90	0.00
West Wilts District Council	15.60	15.43	0.17
GRAND TOTAL	59.04	58.47	0.57

One Council for Wiltshire

26. The original submission identified £17.9 million of costs of transitioning to a single unitary authority. This budget is being managed by the Programme Office and monthly monitoring performed. Spend incurred to date is £0.700 million and is largely been within ICT and the project team. Overall, the budget is forecast to be on target over the next four years with no projected variance although there are some small movements between categories of spend. The table below shows the original submission and current profiling estimates.

	Original submission	Current profiling					
	Total	2007-08	2008-09	2009-10	2010-11	2011-12	Total
	£m	£m	£m	£m	£m	£m	£m
Project Management	1.6	0.3	1.3	0.2			1.8
Eary retirement and redundancy	7.0		1.0	5.0	1.0		7.0
Training, recruitment and relocation	1.2			0.5	0.1	0.1	0.7
Human resources	0.9		0.4	0.3			0.7
ICT	2.5		0.7	1.0	0.7	0.2	2.6
Business Management	1.5		0.8	0.8			1.6
Contact centre	0.5		0.4	0.1			0.5
Closedown of authorities costs	0.5			0.5			0.5
other	0.3			0.3			0.3
Contingency	2.0			1.3	0.5		1.8
Total	18.0	0.3	4.6	10.0	2.3	0.3	17.5

27. As part of the budget setting process for 2009-10 potential transition costs will be identified and incorporated into the management of the transition cost budget above and any necessary re-profiling.

General Balances

28. Estimated year end balances of £7.987 million as shown in Appendix 3 for Wiltshire County Council and £10.44 million across the four districts.

Revenue Reserves	Balances	Earmarked
	£m	£m
Kennet	0.90	3.50
North Wiltshire	7.34	6.60
Salisbury	1.30	0.00
West Wiltshire	0.90	0.20
	10.44	10.30
Wiltshire CC	7.99	6.50
	18.43	16.80

29. The earmarked reserves have been set aside for specific purposes for example, within Wiltshire County Council £5 million of the £6.5 million earmarked reserves is the insurance fund, the value of which is based on actuarial assessments of exposure to liabilities.

Risk Assessment

30. These are explicit in the report.

Equalities Impact of the Proposal

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

Financial Implications

32. These are explicit within this report.

Legal Implications

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

Proposals

34. The Implementation Executive is asked to :-

a. Note that the projected variation on the 2008-09 revenue budget stands at an overspend of £0.157 million fro Wiltshire County Council and £0.570 million within the four districts.

b. Note the estimated level of balances of £7.987 million within Wiltshire County Council and £10.4 million within the districts as at 31 March 2009.

Sandra Farrington
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

181/2008/IE/CB