

REVENUE BUDGET MONITORING 2009-10

Executive Summary

The Council is facing financial pressures, which if left unaddressed, would result in a projected overspend of £3.864 million. A major underlying reason for these financial pressures is a combined projected loss of income of £3.384 million across Council services. This is mainly as a result of the economic climate.

Plans are already in place to address these financial pressures and ensure that the Council's expenditure is in line with budget at the year end. The plans will be robustly monitored.

Proposal

That the budget monitoring position is noted.

That Departmental action plans are regularly reported to Cabinet to ensure Council spending remains within budget.

Reason for Proposal

To ensure the Council's budget and expenditure is robustly monitored.

MARTIN DONOVAN
Chief Finance Officer

REVENUE BUDGET MONITORING 2009

Purpose of Report

1. To present the Revenue Budget Monitoring Report for 2009-10.

Overall Projected Outturn

2. The latest budget monitoring as at 31st July 2009, highlights the Council's projected financial pressures as presented in Appendix 1. Left unaddressed these would result in a projected overspend of £3.864 million. A major underlying cause of these financial pressures is a combined projected loss of income of £3.384 million across Council services. This is mainly as a result of the economic climate.
3. Actions within Departments are being put into place. These are shown at Appendix 2. These action plans will be rigorously monitored to ensure Council spending remains within budget.

DEPARTMENT OF TRANSPORT, ENVIRONMENT AND LEISURE

4. 'The overall budget at July shows a projected overspend of £490,000 for the year. This is made up of a number of variations which have been identified at this early stage of the year, and which are described below. Actions being implemented to address this position are shown in Appendix 2. These include reviewing staffing structures and non-filling of vacant posts, reviewing use of technical consultants and deferment of projects.

Waste Collection, Amenities and Waste Disposal

5. A net under-spend of £340,000 is forecast due to the later start date of the Lakeside contract which results in lower contract payments being made for the year. The Lakeside waste to energy plant has now begun receiving waste. This offsets the staffing costs below.
6. An overspend is currently projected on staff costs across service areas totalling £480,000. This arises from a number of factors which have been compounded by the difficulties of establishing a robust staffing budget from the hundreds of associated budget lines in the previous five councils. The reported costs exclude 'one-off' redundancy costs.

Sustainable Transport

7. At this stage in the year it is difficult to forecast accurately on some budget headings, particularly as a result of changes in seasonal demand. Early indications are that there is likely to be a shortfall in income from car parking and the current projection of this is £350,000. The position will be reviewed as more timely information becomes available.

DEPARTMENT OF ECONOMIC DEVELOPMENT, PLANNING AND HOUSING

8. Overall, the department is projecting a net overspend of £1.028 million. Actions to address this position are shown in Appendix 2. These include use of unfilled vacancies, reviewing staff structures and reduction in use of temporary accommodation for clients.

Economy & Enterprise

9. Currently costs are forecast to be in line with budget. In terms of income collection, this is projected to be in line with the budget at £5.728 million.

Housing Services

10. Overall, it is projected that Housing Services will overspend by £188,000. This expenditure might be offset by a service restructure during the current year resulting in savings against salary budgets. Forecast income levels are £583,000 less than projected. This is as a direct result of overstated income budgets when district budgets were collated when establishing One Council.

Development Services

11. Overall, the expenditure within Development Services is being very well contained, however income is becoming a significant issue for the Service. The expenditure position is being significantly aided by the number of vacant posts across the service, as a result of a decision to delay recruitment, pending the outcome of the LEAN review. Income is the major source of concern. Income across the three services, Development Control, Building Control and Land Charges are all suffering from the downturn in the economy. The total projected loss is £1.795 million. Income will be carefully monitored in the coming months.

DEPARTMENT OF RESOURCES

12. Overall the Department is projecting a net overspend of £1.040 million. Actions to address this position are shown in Appendix 2, are described below. They include use of vacant posts and re-profiling of the ICT programme.

HR

13. Continuation of the LGR process has resulted in additional costs of £75,000 which are chargeable to the Transition Fund. There is also additional costs of £80,000 as a result of the school payroll implementation being deferred until 2010. This is being covered by not filling two vacant Business Information posts.

Business Transformation, ICT & Information Management

14. There is a projected overspend of £885,000. A streamlined programme of work associated with the transition to Wiltshire council has been put in place alongside a reduction of staff and reduced hardware refresh to reduce the overspend.
15. A number of further steps are currently being investigated to manage the budget back to zero including further reducing the ICT programme, bringing forward some of the budget to meet the costs associated with the Workplace Transformation, capitalisation of some of the infrastructure projects, further reductions of staff and spreading costs over a number of years.

Shared Services and Customer Care

16. No specific overspend currently projected relating to day-to-day business. However, budgets such as Coroner's are under pressure and are therefore being closely monitored. The SAP Competency Centre is still being established. Measures are in hand to ensure costs such as the SAP maintenance charges are fully funded.

Corporate

17. Capital Financing, One Council for Wiltshire and Major Projects are all projected to be within budget. An analysis is currently being undertaken into transition costs such as redundancy. A full analysis of the Transition Fund will be reported at a future meeting.

DEPARTMENT FOR COMMUNITY SERVICES

18. Overall the Department is projecting an overspend of £470,000. The figures are dependent on the achievement of a number of savings already incorporated into the 2009-10 budget. This includes those achieved through commissioning savings and delivery of the focus project.
19. Across the Department, managers have been tasked with implementing local measures to bring the budget back into line. Actions to address the overspend are shown in Appendix 2.

DEPARTMENT FOR CHILDREN AND EDUCATION

20. Overall the Department is projecting an overspend of £0.836 million. (This excludes an overspend of £0.359 million in respect of expenditure funded by the Dedicated Schools Grant (DSG) which is recoverable from next year's grant). Actions to address the overspend are shown in Appendix 2. These include non-filled and vacant posts, reviewing children's placements and reviewing procurement activity. Details of the overspend are explained below.

Specialist Equipment

(Projected Overspend = £90,000)

21. This budget supports the provision of specialist equipment for disabled pupils. The specialist and made to measure nature of much of the equipment purchased means it is difficult to recycle.

Social Care Transport

(Projected Overspend = £190,000)

Costs of transport for looked after children (LAC) have increased as the numbers of LAC have also increased.

SEN Transport

(Projected Overspend = £340,000)

22. This projection is based on current contract and journey information held within the Passenger Transport Unit. Projections early in the financial year are difficult to verify because of the nature of the contracts and the numbers of children. More detailed projections will be available based on September data.

Legal Costs (Social Care)

(Projected Overspend = £200,000)

23. This overspend relates to legal costs in respect of court proceedings for looked after children and other children and young people. The projection is based on information provided by the Legal Department and includes the cost of external legal advice.
24. There have been significant pressures on the Legal budget as the numbers of Court Proceedings have increased. The impact of the Public Law Outline have been to increase the amount of work pre-care proceedings and also the cost of care proceedings has increased from £150 to £4,825 per case. Wiltshire, like other authorities, did receive some additional funding for this increase in cost but the impact of the Baby Peter case, resulting in more child protection referrals, and the credit crunch have increased the numbers of cases. Performance data shows that referral rates have doubled in the last 2-3 years.

Other Volatile Budgets

25. Analysis of children's placements in Foster Care, Residential or Independent Special School provision indicates that these budgets are not currently projected to overspend. Focussed work to review placements has contributed to these volatile placement budgets remaining on target for the year.

Main Consideration for the Council

26. To note the current budget monitoring report and the need for Departments to confirm appropriate action plans to ensure a balanced budget position is achieved at the year end.

Environmental Impact of the Proposal

27. No environmental issues have been identified.

Equality and Diversity Impact of the Proposal

28. No equality or diversity issues have been identified from this report.

Risk Assessment

29. SAP provides the Council's new financial management system. Work is currently being finalised in terms of confirming the integrity of SAP's financial reporting. The outcome of this work will be reported as appropriate. At this stage the budget monitoring estimates are considered as robust as possible.

Financial Implications

30. Cost pressures have been identified which potentially would result in an overspend of £3.864 million. Departmental action has already been implemented to address the overspend. As at 1st April 2009, the aggregated General Fund Reserve from the draft Statement of Accounts was £15.396 million. The budget strategy for 2009-10 included a contribution of £4.075 million from the General Fund Reserve. The projected year end General Fund Reserve is £11.321 million before the absorption of any overspends.

Legal Implications

31. There are no legal implications for this report.

REPORT AUTHOR
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The following unpublished documents have been relied on in the preparation of this report:

None