

PROGRESS REPORT – BUDGET 2009-10

Executive Summary

To highlight key issues with regard to the monitoring of the 2009-10 Council budget.

Proposal

That the initial budget monitoring exercise for 2009-10 is noted pending further more detailed budget monitoring reports which will form part of the regular budget monitoring protocol for 2009-10.

Reason for Proposal

To highlight emerging financial and budgetary issues for 2009-10.

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Chief Finance Officer

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PROGRESS REPORT – BUDGET 2009-10

Purpose of Report

1. To highlight key issues with regard to the monitoring of the 2009-10 Council budget.

Background

2. The budget for Wiltshire Council was set on 24 February 2009. In order to balance the budget it was necessary to identify a range of budget reductions and savings. These are highlighted in Appendix 1 on a departmental basis.
3. A further underlying assumption of the 2009-10 budget was that the former County Council and District Councils would have a projected combined underspend of £0.662 million at the end of the 2008-09 financial year.

Budget Monitoring 2009-10

4. The new SAP finance system was implemented effective from 1 April 2009. The new system will facilitate improved regular budget monitoring. However at this early stage of the financial year it is difficult to undertake detailed and meaningful budget monitoring, particularly as new systems are established. However work is in hand to develop regular budget monitoring protocols that will become operational during the first quarter of the financial year.
5. A key element of budget monitoring to support successful management of the 2009-10 budget is ensuring that the savings identified as part of the budget process are in fact delivered. Consequently a monitoring exercise is being undertaken by departments to track the identified savings. In addition an Activity Analysis is being undertaken by departments. The Activity Analysis will help to develop a good understanding of service cost pressures during 2009-10. As well as being an important part of the overall budget monitoring process the Activity Analysis is considered good practice for a newly formed Council and will be an integral part of the medium term financial planning process. The outcomes of the above work will be the subject of future reports.

Key Issues

Department for Children and Education (DCE)

6. The Department for Children and Education are currently on target with achieving the savings included in the 2009-10 budget. The main cost pressure for the Local Authority funded budget at this stage is around placements for looked after children. To mitigate this the Department

is working to look at current commitments against the budget and the expected savings from the commissioning strategy.

7. As highlighted throughout 2008-09, the Dedicated Schools Grant (DSG) funded budget will be under pressure in 2009-10 due to significant overspends in 2008-09 which will be rolled over into the 2009-10 budget as a first call on DSG.

Department of Community Services (DCS)

8. As with all departments, The Department of Community Services continually monitors its emerging cost pressures to assess their likely impact on Resources. In relation to the Care in the Community budget areas, the main issue relates to the current cost of people in care packages, over and above the 2009-10 budget provision and is a reflection of the current demand on the service. This is regularly monitored and whilst it does indicate a cost pressure, it is currently at a level lower than in previous years and Heads of Service within Adults Social Care have been tasked with managing the pressure down.
9. In addition, the Department is undergoing significant change projects; the FOCUS Project and the Transformation of Social Care. There are costs associated with significant change projects and these are monitored regularly through the normal budget monitoring processes and reported through the Transformation Steering Group. These costs are being funded through specific grants and other one-off resources, but careful monitoring will be required throughout the year to ensure that resources are not exceeded.
10. As part of the 2009-10 budget process, the department included proposals for significant commissioning and efficiency targets. These are supported by business cases and progress will be monitored through the year.

Department for Transport, Environment and Leisure (TEL)

11. It is currently forecast that the Department will manage its budget within the allocated resources for 2009-10. The biggest cost pressure relates to staffing should there be delays in implementing new structures within services with a potential risk of £100,000 over the year. The Department will however monitor this and seek to mitigate any impact through managing savings elsewhere in its budget if required.

Department for Economic Development, Planning and Housing (EPDH)

12. There are no significant issues arising in 2009-10 at this early stage in the year. The Department will continue to monitor its budget throughout 2009-10 and report back to Members should any issues emerge in year.

Department of Resources

13. The ICT budget is facing two principle cost pressures in 2009-10. The costs of achieving the Code of Connection (COCO) and replacement of the equipment supporting the People's Network
14. COCO compliance is mandated by Central Government for the continuance of business with key Central Government Departments (initially the DWP but shortly all Central Government bodies). COCO is not a fixed set of solutions or standards for network security but an iterative process where network security experts look at the overall plans to improve network security and assess how satisfactory they are (both at the boundary and within the network). As we moved to our third network security plan submission (January) and our 4th submission (March) we were pushed increasingly hard to shorten our delivery time for security improvements into 2009-10. Our 4th submission was accepted and there is a set of works to be completed by 1 August. The 2009-10 cost is likely to be £200,000 but further work is required to review this and ensure that expenditure is kept close to this amount.
15. The People's Network is the network of PCs and internet provision at libraries for public use. It was originally funded using lottery monies six years ago and provision will be required to update it due to increasing unreliability (attracting public criticism in the Wiltshire Times) and difficulties in supporting the aging hardware and software. The PCs were all replaced and updated in 08/09 at the expense of ICT but it is the server and network piece that now needs serious work. No provision is contained within the current budget beyond normal maintenance costs. Update costs will need to be funded within the DCS and Resources budgets in 2009-10.
16. All other services within the Department are currently not reporting any significant issues for 2009-10.
17. As with TEL one of the biggest risks to the budget across a range of services within the Department is additional staffing costs should there be a delay in finalising the move to new staffing structures. Work is well underway to deliver these structures however and avoid delay. Furthermore action will be taken by the Department to monitor the situation and take mitigating steps to minimise expenditure and deliver a balanced budget position for 2009-10 should delays occur.

Corporate Issues

18. A prudent approach was taken in setting the 2009-10 capital financing budget and over assumptions of capital receipts in the Capital Programme. Therefore, it is not anticipated at this stage that there will be any variance reported for 2009-10. However, by its nature this budget is linked very closely to external economic factors. Further,

prolonged reductions in interest rates or failures to secure any capital receipts previously anticipated in the capital programme could cause future overspends on this budget and conversely an earlier than predicted recovery in the market leading to increase interest rates or slippage in the capital programme could lead to underspends. The impact of such factors on this budget will be kept under review through both revenue and capital budget monitoring throughout 2009-10 and any changes or risks will be notified to Members.

Provisional Outturn 2008-09

19. The accounts closure process for 2009-09 is now well underway. The accounts will be reported later in the summer in accordance with statutory requirements.
20. At the time of setting the budget for 2009-10 the combined underspend of the former County and District Council was £0.662 million. The accounts closure and preparation of outturn figures for 2008-09 are being progressed. In accordance with normal practice it will not be possible to confirm the outturn figures until later in the preparation of the final accounts
21. However, current indications are that the combined outturn could drop to around £0.400 million. These figures exclude the cost of redundancies incurred in the districts, costs associated with the Parishing of Salisbury and also the reimbursement to the Council of overpaid VAT in respect of services such as leisure and car parks as a result of the Fleming judgement. The net cost of these is likely to be in the region of £0.5 million. More detailed analysis will be available once the outturn figures have been finalised.

Main Considerations for the Implementation Executive

10. The report is for the Executive to note pending future budget monitoring reports.

Environmental Impact of the Proposal

11. No environmental issues have been identified arising from this report

Equality and Diversity impact of the Proposal

12. No issues have been identified arising from this report

Risk Assessment

13. No issues have been identified arising from this report

Financial Implications

14. Protocols for regular monitoring of the 2009-10 budget are being established. Financial implications will be identified on an on-going basis.

Legal Implications

15. There are no legal issues arising from this report

Conclusions

16. A number of budgetary issues have already been identified for 2009-10. Further reports will identify how the issues are being financially managed.

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Unpublished documents relied upon in the preparation of this report:

None.

SUMMARY OF REQUIRED BUDGET SAVINGS

	£'m
Department of Community Services	5.612
Department of Children and Education	0.954
Department of Transport, Environment and Leisure	2.085
Department of Economic Development, Planning and Housing	1.429
Department of Resources	2.833
Corporate	1.350
TOTAL	14.263

Department of Community Services

Staffing Efficiencies **£'m**

Adult Social Care	1.150
Libraries, Heritage and Arts	0.159

Reduced Overhead Expenditure

Libraries, Heritage and Arts: reduced consultancy	0.020
Adult Social Care	0.200
Reduced spending on supplies and services	0.240

Commissioning and Procurement Savings

Adult Social Care: Learning Disabilities	0.698
Adult Social Care: Older People & Physical Impairment	0.432
Adult Social Care: Mental Health	0.500
Adult Social: Contract Savings	0.895
Adult Social Care: Residential to reablement	0.118
Adult Social Care: Supporting People	0.250

Other

Adult Social Care: CHC income from PCT	0.950
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5.612

Department of Children and Education

Staffing Efficiencies	£'m
Children and Families	0.348
 Reduced Overhead Expenditure	
Res, Imp and Yng PeopleBusiness Support Savings	0.050
Res, Imp and Yng People: vulnerable children	0.060
Schools branch: minor savings	0.034
Childen and Families:reduce central expenditure	0.364
 Other	
Children and Families: Red training, subs	0.038
Res, Imp and Yng People: rationalise youth services	0.060
	 0.954

Department of Transport, Environment and Leisure

Staffing Efficiencies	£'m
Highway network improvements	0.011
Highway maintenance and emergency planning	0.420
Sustainable transport	0.570
Propert management	0.011
Reduced Overhead Expenditure	
Sustainable Transport: remove consultancy fees	0.050
Sustainable Transport: other bus seervice efficiencies	0.050
Consolidation of Authorities and Services Savings	
Waste Amnities and Leisure: In-house provision	0.040
Highways Maintenance and Emergency Planning: Other Efficiencies	0.358
Other	
Sustainable transport: cease travelwise	0.075
Sustainable Transport: red supplementary bus concessions	0.050
Sustainable Transport: Red exp elements of Connect to Wilts	0.140
Waste Amenities and Leisure: range of measures	0.310
	2.085

Department of Resources

Staffing Efficiencies **£'m**

Department of Resources 2.543

Consolidation of Authorities and Services Savings

Single Legal Library 0.040

ICT contract savings 0.200

ICT training reduction 0.050

2.833

Corporate

£'m

Consolidation of Authorities and Services Savings

Printing income as move in-house	0.250
Reduction in communication costs	0.150
1C4W savings on general fund insurance	0.250
Training savings	0.100

Other

Reduction in mileage rates	0.300
Advertising income increase	0.200
Cease membership of LGA	0.100
	1.350

APPENDIX 1

One Off Savings in 2009-10		£'m
Corporate	Reduced insurance claims exposure	0.250
DCS	VAT refund for libraries	0.240
	Reduce campus grant expenditure	0.100
Sustainable Transport	use s106 monies	0.300
Sustainable Transport	VAT savings	0.100
Sustainable Transport	Use of reserve	0.400
Waste and amenities	VAT savings	0.040
Waste and amenities	Delaying Lakeside	0.200
Waste and amenities	use of concess fares reserve	0.400
Dept of resources	Release one-off provision	0.170
Area boards	Commence activities in July	0.250
Collection fund surplus		0.538
General reserves		4.000
Lakeside slippage		0.200
		7.188