

BUSINESS SUPPORT OVERVIEW AND SCRUTINY COMMITTEE

7 FEBRUARY 2008

REVENUE BUDGET MONITORING

Report from: Mick Hayward, Chief Finance Officer

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1. Purpose of item

- 1.1 This report summarises the financial monitoring position for the current year to date. This is the fourth monitoring report for the year and is based on actual income and expenditure to November 2007.

2. Recommendations

- 2.1 Members are requested to comment on the forecast outturn position for 2007/2008 and the management action already taken and proposed.

3. Background

- 3.1 At its meeting on 1 March 2007, the Council set gross revenue spending at £536m, almost £25m above the level for 2006/2007 and a General Fund net revenue budget of £316 million for 2007/2008. Council tax rose by 4.5%. It is the responsibility of Cabinet to manage income and expenditure to remain within the budget approved by Council.
- 3.2 Cabinet, at its meeting on 27 November 2007, noted that the forecast overspend had decreased to £2.7m for September, compared to £6.4m reported for July. Cabinet reinforced the requirement upon directors to enforce the vacancy controls and spending moratorium to achieve budget balance.
- 3.3 It can be seen from Table 1 below that the forecast outturn now stands at a £3.056m overspend. Further detail at portfolio level is supplied in Appendix 1.

Table 1: Directorate Summary

Directorate	Budget 2007/2008 £000s	Forecast variance £000s	Proposed action £000s	Adjusted variance £000s	Previous variance £000s
Children's Services	189,021	1,803	0	1,803	1,047
Community Services	69,073	3,078	(161)	2,917	3,007
Regeneration and Development	34,320	801	0	801	857
Business Support	7,297	(1,062)	0	(1,062)	(968)
Interest & Financing	14,591	(500)	0	(500)	(250)
Levies	763	97	0	97	37
Reserve & Other Adjustments	(175)	(1,000)	0	(1,000)	(1,000)
Total	314,890	3,217	(161)	3,056	2,730

4. Children's Services

- 4.1 The Directorate is predicting an overspend of £1.803m before management action. The principal areas of difficulty are:
- Young people – Youth Offending and Care Leavers present an overspend forecast at £218,000;
 - Children & Families social work teams – forecast overspend £320,000
 - SEN (special recoupmnt and independent and non-maintained placements) - £1,597,000;
 - SEN home to school transport - £749,000; and
 - Casework legal fees - £363,000.
- 4.2 The predicted overspends listed above have been partially offset by forecast underspends on Family Support Centres (£391,900), Adoption services (£140,400), placements in Children's Homes and Secure Accommodation (£216,000) and Disability Services (£161,600). Management action relating to the introduction of the Council-wide spending restrictions will reduce expenditure further by approximately £152,000 and this has been built into the current forecast outturn.
- 4.3 A number of areas are being examined with a view to bringing forward savings proposals, but these will have an impact from 2008/09 rather than in the current year:
- a joint review of current legal arrangements/costs
 - SEN review with specific consideration of provision for pupils with Autistic Spectrum Disorders (ASD)
 - future plans for the Learning Support Service (LSS)
 - eligibility thresholds for children's care services
 - residential provision for looked-after children
 - Independent Fostering Agency (IFA) placements
 - arrangements to support looked-after children aged 16+
- 4.4 £1,089,000 of the forecast overspend is on headings that are funded from the Dedicated Schools Grant (DSG), some or all of which could be rolled forward and funded from the 2008/09 DSG allocation, subject to the approval of the

Schools Forum. The Forum considered this option at its meeting on 16 January 2008 and declined its approval pending further discussion, with a further meeting of the Forum anticipated for early February.

5. Community Services

- 5.1 The directorate is currently predicting an overspend of £3.078m before management action. The main areas of concern are:
- Older People, £597,000 over,
 - Physical Disability £1.254m over
 - Learning Disability, £719,000 over;
 - Leisure & Sports, £401,000 over.
 - Events, £102,000 over
- 5.2 The directorate has identified actions to achieve savings of £161,000 against these forecasts including:
- Adult placements 'invest to save' (£50,000)
 - Use of Supporting People Grant (£50,000)
 - Reductions against the Community Support Scheme (£61,000)
- 5.3 The net overspend of £2.917m is a reduction of £90,000 compared to that previously reported.
- 5.4 The Housing Revenue Account is forecasting a surplus of £560,000, which is an increased surplus of £285,000 when compared to the original budgeted surplus of £275,000.

6. Regeneration & Development

- 6.1 The returns from budget managers indicate a potential overspend of £0.861m, arising predominantly from three services:-
- Uptake on concessionary fares (£374,000)
 - Medway Tunnel maintenance (£185,000)
 - Shortfall in parking income (£157,000)
- 6.2 The directorate is committed to achieving a break-even position, as in previous years, but this will be very difficult bearing in mind that there is less flexibility in the budget following the transfer of a substantial part of the highways funding to capital.

7. Business Support

- 7.1 The department has had to address two major pressures, £167,000 savings target and £173,000 in respect of benefit payments. However, measures taken across services along with the moratorium mean that a underspend of £1,062,000 is now forecast.
- 7.2 The main areas of saving are forecast in:-
- NNDR refunds (£400,000)
 - Human Resources (£336,000)
 - ICT (£190,000)
 - Commercial Property (£174,000)
 - Customer First (£170,000)
 - Democratic Services (£127,000)

7.3 Further savings proposals, as reported to Cabinet on 16 October, will have no significant impact in 2007/2008 but will accrue from 2008/2009 onward.

8. Interest and Financing

8.1 Overall the Treasury Management function is currently forecasting a surplus of £500,000 but this is a volatile area as recent movements in markets and interest rates have shown.

9. Levies

9.1 Levies are currently forecasting an overspend of £97,000 due to a 24% increase in the levy from the Environment Agency and a projected overspend of £60,000 in respect of the Coroner's Service.

10. Reserves & Other Adjustments

10.1 Local Authority Business Growth Incentive – LABGI (£1m). Under LABGI authorities receive a proportion of their growth in business rates as an incentive to maximise economic growth.

11. Conclusions

11.1 The forecast overspend has increased by £326,000 to £3.056m, principally due to an increase of £756,000 in relation to Children's Services. However, there is the potential for some reduction in the forecasts by the use of DSG, as discussed above, subject to the approval of the Schools Forum.

11.2 Officers will continue to closely monitor adherence to the moratorium which, in the limited time available until the end of the financial year, will be crucial to achieving a balance to budget.

12. Financial and legal implications

12.1 These are set out in the body of the report.

Background papers

Revenue budget approved by Council 1 March 2007

Revenue budget monitoring – report to Cabinet 29 January 2008

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