

<b>Key Decision</b>	<b>No</b>
<b>Listed on Forward Plan</b>	<b>Yes</b>
<b>Within Policy</b>	<b>Yes</b>
<b>Policy Document</b> .....	

**REVENUE BUDGET MONITORING REPORT – TO END MAY (P2)**

Accountable Cabinet Member: Cllr Sam Crooks

Contact Officer: Gavin Chambers, Revenue Finance Manager, Strategic Finance

**1. Purpose**

1.1 To advise the Audit Committee of the revenue outturn position for the General Fund, Housing Revenue Account (HRA) and the Collection Fund, as at the end of May 2006.

**2. Issues and Choices**

2.1 Directorates are reporting an estimated surplus of £37k for the year. Detailed budget information is set out at Annexes A, B and C, which have been placed on the Intranet for your convenience. Table 1 below summarises the current pressures and outturn figures on a Directorate basis.

**Table 1: General Fund Provisional Outturn Summary (£'000) – an overall £37k surplus.**

Directorate	Original 2006/07 Budget	2006/07 Additional Budget Allocation	2006/07 Revised Budgets	Projected Outturn	Variance Outturn to Revised Budget
	£'000	£'000	£'000		£'000
<b>Learning &amp; Development</b>	62,102	0	62,102	62,247	145
<b>Environment</b>	42,785	(35)	42,750	42,808	58
<b>Neighbourhood</b>	41,971	0	41,971	41,734	(237)
<b>Chief Exec's</b>	10,202	35	10,237	10,234	(3)
<b>Debt Financing</b>	16,045	0	16,045	16,045	0
<b>Total</b>	<b>173,105</b>	<b>0</b>	<b>173,105</b>	<b>173,068</b>	<b>(37)</b>

2.3 Table 2 below analyses the Directorate outturn pressures, split between expenditure and income.

**Table 2: Analysis of net variances identified in Table 1 (£'000)**

Directorate	Expenditure (xx) = exp down xx = exp up	Income xx = inc down (xx) = inc up	Net Pressures
L & D	(204)	349	145
Environment	55	3	58
Neighbourhood	322	(559)	(237)
Chief Exec's	(3)	0	(3)
Debt Financing.	0	0	0
<b>Total</b>	<b>170</b>	<b>(207)</b>	<b>(37)</b>

2.4 Explanations of those income and expenditure categories projected to be significantly different from the latest budget are given under the appropriate Directorate headings, in paragraphs 3.6 to 3.10 of this report.

Please see Annex C for a more detailed analysis.

2.5 Projected outturn variations are also identified by service area. Through this, budget risks are identified as either High, Medium or Low risk. In future periods, this risk analysis will be supplemented by a "Traffic Light Analysis", in which budget categories will be highlighted as Red, Amber and Green, depending upon their potential impact on the eventual outturn.

Please see Annex B for a more detailed analysis.

Paragraphs 3.6 to 3.10 explain, by Directorate, the service areas showing the most significant differences between budget and projected outturn.

## 2.6 Learning and Development Directorate

**At period 2, the Directorate is forecasting an overspend of £145k.**

No individual service area showed a difference of greater than £200k between budget and projected actual outturn. However, the following difference is worthy of a brief mention:

- Dedicated Schools Grant, which lies within Education Grant Funding, is £213k lower than budget, due to final pupil numbers being lower than forecast. Given that DSG is ring-fenced for pass-through to schools, this income shortfall will be matched by an underspend in the same service area, such that the net difference will be zero.

- The remainder of the Directorate overspend comprises a number of smaller overspends, none of which are presently large enough to merit further analysis.

## 2.7 Environment

**At period 2, the Directorate is forecasting an overspend of £58k.**

All services identified as High Risk are presently showing zero projected variation. The only variation worthy of brief mention is a projected £50k overspend in the Coroner's Service (a medium-risk category), due to uncontrollable costs of post-mortems and inquests.

## 2.8 Neighbourhood Services

**At period 2, the Directorate is forecasting an underspend of £237k.**

Services identified as high risk are presently showing insignificant projected variations. However, Physical Disability, which is deemed medium risk, is currently forecast to show a £201k underspend, the main elements of which are £121k on Homecare and £80k in Residential/Other Physical Disability arising from fluctuations in placement activity. The typical cost of an individual care package is significant, so placement budgets will be monitored particularly closely.

The Elderly Mental Health pooled budget shows excess income of more than £550k, which is matched by a similar level of excess expenditure, so that the net effect on projected outturn is insignificant. [Table 2 refers].

## 2.9 Chief Executive's Office

**At period 2, the Directorate is forecasting an underspend of £3k.**

There is only one service denoted as high-risk and this is presently showing on budget. There are presently no projected variations of any significant value.

## 2.10 Debt Financing

**This area is currently shown on budget.**

## 2.11 Housing Revenue Account

The outturn monitoring data projects that the HRA is showing an overall surplus of £4,491k as at the 31<sup>st</sup> March 2007.

The budgeted deficit for the year is £913k. The current forecast shows a slightly smaller deficit of £883k.

The uncommitted reserve brought forward is £1,310k better than the budgeted figure. The budget was based upon the P9 2005/6 forecast, after which a number of categories showed significant improvement. Of these, the following categories improved by more than £200k: Interest Receivable £242k, Repairs Costs £388k and Cleaning/Caretaking Costs £309k.

Detailed budget information is set out at Annexes D and E, which have been placed on the Intranet for your convenience.

## 2.12 Collection Fund

The closing Collection Fund deficit at 31<sup>st</sup> March 2006 was £0.866m. This deficit was £166k greater than forecast as at 15<sup>th</sup> January 2006. The excess will be a call on the Collection Fund in 2006-07.

It is too early at this stage to provide an accurate estimate of the in-year Collection Fund position.

## 2.13 Earmarked Reserves

In accordance with financial regulations, the following earmarked reserves require cabinet approval:

- Landfill Allowance Reserve                      £169k
- Schools System Review Reserve              £433k

Both of these are included in the Statement of Accounts for 2005/06 and are supported by appropriate proformas signed by both the Accountable Officer and the Portfolio Holder.

## 3. Implications

### 3.1 Policy

Table 3 below summaries the General Fund balances

**Table 3: General Fund Balance 2006-07**

	£,000	£,000
<b>General Fund Balance as at 01.04.06</b>		<b>13,656</b>
<i>Less</i> portion of 2005/06 surplus earmarked for spend-to-save projects		<u>(950)</u>
<b>Sub total</b>		<b>12,706</b>
<i>Less</i> Budgeted Use of Reserves	(922)	
<i>Add</i> 2006/07 surplus forecast	<u>37</u>	
		<u>(885)</u>
<b>Sub total</b>		<b>11,821</b>
Less: Earmarked for use in 2007/08		<u>(2,155)</u>
<b>Total estimated General Fund Balance available as at 31.03.07</b>		<b>9,666</b>

## HRA

Table 4 below summarises the HRA projected outturn position.

**Table 4: HRA Outturn Summary (£'000)**

	<b>Original 2006-07 Budget</b>	<b>Projected Outturn</b>	<b>Variance</b>
Uncommitted reserve b/f	(4,064)	(5,374)	(1,310)
Net (surplus)/deficit in year	913	883	(30)
Uncommitted reserve c/f	(3,151)	(4,491)	(1,340)

### 4.1 Resources and Risk

<input type="checkbox"/>	Capital	<input type="checkbox"/>	Revenue	<input type="checkbox"/>	Accommodation
<input type="checkbox"/>	IT	<input type="checkbox"/>	Medium Term Plan	<input type="checkbox"/>	Asset Management

### 4.2 Legal

### 4.3 Other Implications

<input type="checkbox"/>	Equalities / Diversity	<input type="checkbox"/>	Sustainability	<input type="checkbox"/>	Human Rights
<input type="checkbox"/>	E-Government	<input type="checkbox"/>	Stakeholders	<input type="checkbox"/>	Crime and Disorder

Background Papers: Officer Working Papers, report to all Members