

ANNEX A TO AGENDA ITEM 5

Directorate: Learning & Development

2006-07	Period 02 Expenditure £	Period 02 Income £	Period 02 Recharges £	Period 02 Total £
Original Budget	234,759,353	(179,019,597)	6,362,702	62,102,458
Budget Variations	0	0	0	0
Revised Budget	234,759,353	(179,019,597)	6,362,702	62,102,458
Projected Outturn	234,554,854	(178,670,166)	6,362,702	62,247,390
Variation	(204,499)	349,431	0	144,932
%age Variation	(0.09)%	0.20%	0.00%	0.23%

1. Explanation of movements from original to revised budget.

There is no movement on the original budget.

2. High level analysis of outturn including explanation of major subjective / objective variances indicating where impact of either price or volume change. Explanations will need to cover income and expenditure variations detailed in the above table as well as a summary of the overall variance.

The overall forecasted outturn for the Directorate is a £145k overspend.

SUBJECTIVE

Expenditure

Expenditure has been forecast to decrease by a net £204.5k including internal recharges, the key areas of which are set out below:

Employees increased forecast £1,053k - Reallocation of Childcare Grant related expenditure from Supplies and Services to Employees £927k, will be covered by virements in future periods. Secondary Inclusion £80k, YPOS £110k (increase unit for 12 to 24 places) are increases by demand and legislative requirement. Early Years (£160K) transfer to supplies and services, Long term absence estimated benefits payable £105k, based on recent experience, partly off-set by increased income in this area. Miscellaneous items (£9k)

Supplies and Services reduced forecast (£1,310k) - Reallocation of supplies and services to employees and internal trading, Secondary Inclusion £98K, YPOS £48k, childcare grants (£1,283K) and reduced level of spend to match level of grant income, Payments to Nursery PVIs (£143k) transferred to Internal Trading, Licences, £48k and miscellaneous (£78k)

Internal Trading £179k - Budgets transferred from supplies and services Early Years £156K and miscellaneous £23k.

Income

Income has been forecast to drop by £349k.

Grants and Other Contributions reduction in income £471k - Shortfall of Dedicated Schools Grant (DSG) £213k due to lower than anticipated pupil

ANNEX A TO AGENDA ITEM 5

numbers, reduced revenue childcare grant £340K and increased grant income to support Alternative Education (£65k) with miscellaneous items (£17K). *DSG income is ring-fenced, and the shortfall therein will be matched by a reduction in associated expenditure.*

Fees, Charges and Other Income Increased Income of (£121k) - Shortfall of income from Westminster Drive £91K due to no out of authority placements, with a similar position at Furze House £20k. Secondary Inclusion recovery of costs of a secondment and AWPUs (£165k), long term absence and licences (£128k), reduced take-up of school library service £51k, miscellaneous £10k.

OBJECTIVE

Education Grant Funding - Reduction in DSG due to final allocation being based on lower pupil numbers than anticipated £213k. *DSG income is ring-fenced, and the shortfall therein will be matched by a reduction in associated expenditure, yielding a projected zero net variation in this service area.*

Inclusion underspend (£43k) - Allocation from ISB contingency to cover YPOS and Inclusion overspend (£169k) offsetting the shortfall in income at Westminster Drive £90k and Furze House £20k, Miscellaneous £16k

Support Services Overspend £151k - Estimated increased spending on YPOS £144k due to increasing size of unit by 12 places and Secondary Inclusion £25k, Miscellaneous (£18k).

3. Commentary on areas of significant risk, and actions to minimize the risk (note the areas do not need to be overspent to be included – these should link in with Annex B Risk Column).

Children's Services external placements, within Commissioning are expected to continue to be a source of significant cost pressure. In 2005/6 a number of overspends were contained from underspends on services which are now funded through the Dedicated Schools Grant (DSG). In future underspends on these services will not be available to offset overspends on "Non Schools" Budgets.

The budget position in respect of Nurseries is also likely to be subject to adverse movement. This would currently fall to be met from the DSG.

4. Percentage of Budget Managers met /SAP Forecasting updated (analysis to also be provided).

Risk	Managers Met (%)
High	14
Medium	30
Low	9

* The low level of budget holder visits at P2 reflects the early point in the year and the priority given to other key tasks such as Final Accounts and the development of future year budgets. Within the monitoring process itself the focus has been on dealing with budget adjustments still required following the departmental restructuring, particularly issues thrown up by the new salary monitoring tool. In addition some of the high-risk budgets such as Home to School Transport and Early Years are fairly meaningless at this early stage in the financial year.

ANNEX A TO AGENDA ITEM **5**

5. DMT date of approval for months monitoring: 14/06/2006.

ANNEX A TO AGENDA ITEM 5

Directorate: Environment

2006-07	Period 02 Expenditure £	Period 02 Income £	Period 02 Recharges £	Period 02 Total £
Original Budget	62,653,731	(21,540,841)	1,672,071	42,784,961
Budget Variations	(83,980)	49,036	0	(34,944)
Revised Budget	62,569,751	(21,491,805)	1,672,071	42,750,017
Projected Outturn	62,627,401	(21,491,805)	1,672,071	42,807,667
Variation	57,650	0	0	57,650
%age Variation	0.09%	0.00%	0.00%	0.13%

1. Explanation of movements from original to revised budget.

The Environment revised budget has decreased by £35k from the original 2006-07 budget. This is due to a transfer of budget to the Chief Executives Directorate. Budget has transferred from Emergency Planning to Internal Audit and Risk Management to fund the Risk Management Officer post. There have been other minor subjective changes within the Environment budget to ensure that budgets for funded posts are correct with corresponding income streams, along with improvements to the coding of various budgets to reflect actual expenditure.

2. High level analysis of outturn including explanation of major subjective / objective variances indicating where impact of either price or volume change. Explanations will need to cover income and expenditure variations detailed in the above table as well as a summary of the overall variance.

The overall forecasted outturn for the Directorate is a £58k overspend.

SUBJECTIVE

The major variations (over £50k or 10% of budget) include the following:

Expenditure

Supplies and Services - There is an overspend projected of £50k. This is due to increased costs of inquests and post mortems in Coroners £50k.

Income

OBJECTIVE

The major variations (over £50k or 10% of budget) include the following:

Coroners Service - An overspend of £50k due to increased costs of post mortems and inquests. The forecast is based on the level of expenditure incurred in 2005-6.

3 **Commentary on areas of significant risk, and actions to minimize the risk (note the areas do not need to be overspent to be included – these should link in with Annex B Risk Column).**

ANNEX A TO AGENDA ITEM 5

High risk budgets have been reviewed within the Directorate by DMT. A list of these budgets is included in Annex B. The majority of the budgets fall into two main categories, contract payments and income streams.

- Contracts, once signed, are less of a risk but are continuously monitored to detect, at the earliest opportunity, any possible issue that may lead to contract default. These budgets are of high risk at the time of renewal or extension.
- Volatile income streams are included in the high-risk analysis. In many instances the Directorate has little control as to the amount of income raised. These budgets are monitored using actuals as up to date as possible, previous years and period trends for comparative purposes and any known factors that may affect future income.

All high-risk budgets are discussed and reviewed in the monthly meetings between the Finance Manager, Corporate Director and Heads of Service

4 Percentage of Budget Managers met /SAP Forecasting updated (analysis to also be provided).

Risk	Managers Met (%)
High	83
Medium	85
Low	92

5 DMT date of approval for months monitoring.

14/06/2006.

ANNEX A TO AGENDA ITEM 5

Directorate: Neighbourhood Adult Social Care & Housing General Fund

2006-07	Period 02 Expenditure £	Period 02 Income £	Period 02 Recharges £	Period 02 Total £
Original Budget	59,699,752	(21,486,372)	3,757,450	41,970,830
Budget Variations	268,087	(268,087)	0	0
Revised Budget	59,967,839	(21,754,459)	3,757,450	41,970,830
Projected Outturn	60,290,110	(22,313,630)	3,757,450	41,733,930
Variation	322,271	(559,171)	0	(236,900)
%age Variation	0.54%	(2.57%)	0.00%	(0.56%)

1. Explanation of movements from original to revised budget.

Some virements were actioned during the month with no impact on the total budget.

2. High level analysis of outturn including explanation of major subjective / objective variances indicating where impact of either price or volume change. Explanations will need to cover income and expenditure variations detailed in the above table as well as a summary of the overall variance.

The overall forecasted outturn for Adult Social Care and Housing General Fund is an underspend of (£236k).

SUBJECTIVE

Expenditure

Employees - current monitoring indicates an underspend on FE Older People (£70k) Directorate Mgt (£12k), Commissioning (£9k) partly due to staff vacancies. Projected overspends on Elderly Mental Health £22k, Home Care £170k due to service restructuring, which will be resolved through virements in future months.

Supplies & Services - projected overspend on Elderly Mental Health Pooled budget £589k due to a technical accounting issue (offset by Income from Fees & Charges). Projected underspends on Physical Disability (£283k) and FE Older People (£150k) due to current trends in placement activity. Other forecast overspends £67k.

Income

Fees & Charges - reimbursement of Pooled Budget Elderly Mental Health (£505k) [offset by employee expenditure above]. Reduction in client income from Physical Disability clients £83k. Increase in income self funding FE Older People clients (£127k). Other (£9k)

OBJECTIVE

Adult Care Services

ANNEX A TO AGENDA ITEM 5

Physical Disability - Current placement activity indicates an underspend on Homecare of (£121k), Other variations totaling (£80k) due to fluctuations in placement activity on Residential/ Other Physical Disability services.

3. **Commentary on areas of significant risk, and actions to minimize the risk (note the areas do not need to be overspent to be included – these should link in with Annex B Risk Column).**

All Adult Social Care placements are reviewed by a Priorities Panel who confirm the suitability of care packages and balance the demand for new services against available resources, whilst recognizing the Council's statutory duty to provide care. Milton Keynes Community Care strategy is to support people as far as possible in their own home or in sheltered or supported housing in line with corporate priorities.

Increased costs generated by the expansion of the block contract from older people residential/ nursing care are currently being offset by an increase number of self-funding clients. The turnover of clients will be closely monitored.

4. **Percentage of Budget Managers met /SAP Forecasting updated (analysis to also be provided).**

Risk	Managers Met (%)
High	30
Medium	50
Low	8

*Manager/staff absence impacted on the level of high-risk budgets reviewed this month.

5. **DMT date of approval for months monitoring.**

15/06/2006.

ANNEX A TO AGENDA ITEM 5

Directorate: Chief Executive's Office

2006-07	Period 02 Expenditure £	Period 02 Income £	Period 02 Recharges £	Period 02 Total £
Original Budget	95,216,404	(69,430,565)	(15,583,540)	10,202,299
Budget Variations	34,944	0	0	34,944
Revised Budget	95,251,348	(69,430,565)	(15,583,540)	10,237,243
Projected Outturn	95,248,269	(69,430,565)	(15,583,540)	10,234,164
Variation	(3,079)	0	0	(3,079)
%age Variation	(0.00%)	0.00%	0.00%	(0.03%)

1. Explanation of movements from original to revised budget

The Chief Executive's revised budget has been increased by £35k from the original 2006-2007 budget. This is due to a transfer of budget from Emergency Planning (in the Environment Directorate) to Internal Audit and Risk Management to fund the Risk Management Officer post.

2. High level analysis of outturn including explanation of major subjective / objective variances indicating where impact of either price or volume change. Explanations will need to cover income and expenditure variations detailed in the above table as well as a summary of the overall variance.

The overall forecasted outturn at Period 2 for the Directorate is a (£3k) underspend.

SUBJECTIVE

Expenditure

Income

OBJECTIVE

Internal Audit, Risk Management and Revenues and Benefits Client. Following the non-accrual of some 2005-2006 salaries charged in 2006-2007, a budget overspend of £15k on employees has been forecast.

3. Commentary on areas of significant risk, and actions to minimize the risk (note the areas do not need to be overspent to be included – these should link in with Annex B Risk Column).

The high risk budgets identified within the Chief Executive's are the Housing Benefits and Council Tax budgets. These are reviewed within the Directorate by DMT. High risk budgets fall into two main categories, contract payments and income streams.

- Contracts, once signed, are less of a risk but are continuously monitored to detect, at the earliest opportunity, any possible issue that may lead to contract default. These budgets are of high risk at the time of renewal or extension.

ANNEX A TO AGENDA ITEM 5

- Volatile income streams are included in the high-risk analysis. In many instances the Directorate has little control as to the amount of income raised. These budgets are monitored using actuals as up to date as possible, previous years and period trends for comparative purposes and any known factors that may affect future income.

All high-risk budgets are discussed and reviewed in the monthly meetings between Budget Managers and Finance staff, and then at a more strategic level in meetings between the Finance Manager, Assistant Chief Executives and Heads of Service.

4. Percentage of Budget Managers met /SAP Forecasting updated (analysis to also be provided).

Risk	Managers Met (%)
High	100
Medium	100
Low	93

5. DMT date of approval for months monitoring.

15/06/2006.

ANNEX A TO AGENDA ITEM 5

Directorate: Debt Financing

2006-07	Period 02 Expenditure £	Period 02 Income £	Period 02 Recharges £	Period 02 Total £
Original Budget	23,416,270	(7,440,200)	68,639	16,044,709
Budget Variations	0	0	0	0
Revised Budget	23,416,270	(7,440,200)	68,639	16,044,709
Projected Outturn	23,416,270	(7,440,200)	68,639	16,044,709
Variation	0	0	0	0
%age Variation	0.00%	0.00%	0.00%	0.00%

1. Explanation of movements from original to revised budget.

None

2. High level analysis of outturn including explanation of major subjective / objective variances indicating where impact of either price or volume change. Explanations will need to cover income and expenditure variations detailed in the above table as well as a summary of the overall variance.

No variations projected currently.

SUBJECTIVE

Expenditure

Income

OBJECTIVE

3. Commentary on areas of significant risk, and actions to minimize the risk (note the areas do not need to be overspent to be included – these should link in with Annex B Risk Column).

These relate to interest on new long-term loans and short-term investments where interest rates are outside of the Council's control. In line with agreed treasury management policy officers aim to borrow at the lowest possible interest rates and invest at the highest possible rates commensurate with counter-party risks and cash-flow requirements.

4. Percentage of Budget Managers met /SAP Forecasting updated (analysis to also be provided).

Risk	Managers Met (%)
High	
Medium	
Low	

5. DMT date of approval for months monitoring.

Not applicable