

BUDGET MONITORING 2010/11

Report of the Director of Finance

Please note that the following recommendations are subject to consideration and determination by the Cabinet (and confirmation under the provisions of the Council's Constitution) before taking effect.

Recommendations:

(i) That the position based on Month 10 be noted.

1. Introduction

Cabinet has received bi-monthly budget monitoring reports throughout the year and this is the fifth such report.

2. Revenue Expenditure

- 2.1 The Adult and Community Services Directorate is forecasting an underspending of £500,000. The previously reported cost pressures in areas such as Older People and Disability Services, Learning Disability and Mental Health remain but are slightly reducing as we move towards the end of the financial year. The additional costs continue to be offset through a programme of management action and reductions in Business and central Support Services.
- 2.2 In January, the government announced £162 millions of "Winter Pressures" funding allocated to the NHS for immediate spending this financial year in partnership with Local Authorities on social care services that also benefit the NHS. It is likely that this funding will lead to an increased underspending in Adult and Community Services, potentially by just over £1 million.
- 2.3 The projected overspending for budgets within the Children and Young People's Directorate is now estimated at £1.3 millions, an improvement of £600,000 on the previously recorded position. This is the result of income from grant funding streams being higher than anticipated and savings from the Vacancy Management Strategy gathering pace as the year progresses.
- 2.4 The Environment, Economy and Culture Directorate is forecasting a small underspending of £50,000. This includes funding an overspending on the Winter maintenance budget of £1.5 millions. Fortunately, there has been no repeat of the prolonged adverse

weather that occurred just before Christmas. It is estimated that the Highways Management, Waste Disposal & Recycling and Countryside, Heritage & Arts budgets will produce underspends that will broadly offset the increased winter costs.

- 2.5 The Chief Executive's Directorate and the Corporate Resources Directorate will produce a combined underspending of just over £900,000. The improved financial position is the result of further vacancy management savings and grant funding for the Construction Framework South West. Capital financing and interest income indicate an underspend of £1.8 million at outturn.
- 2.6 It should be noted that there are a number of issues to settle as we move towards the year end that could have an adverse impact on our overall revenue out-turn position. For example, the financial impact of the closure of Supply Zone is yet to be fully quantified; the final cost of Job Evaluation appeals is not yet certain and the cost of in-year redundancies has not been fully evaluated. As a consequence of these items, it is probable that the final outturn will be very close to budget.

3. Capital Expenditure

- 3.1 The revised programme stands at £248 million and spending is forecast at £153 million. There are a number of factors which have contributed to this position. These include the uncertainty around the Central Government funding of Capital schemes, slippage around the Investing In Devon (IID) programme and an acknowledgement that the capital programme needs to contract if it is to remain affordable.
- 3.2 Some schools have shown reluctance to commit schemes from devolved capital allocations which has contributed significantly to the Children's and Young People's Services projected slippage of £46 millions. In addition mid year Department of Education grant reductions have removed £4 millions of financing. Bideford Community College and the Roundswell Co-location project will now be completed in 2011/12 rather than this year, and some internally funded projects have also slipped.
- 3.3 The main slippage on the EEC programme (£22m) relates to the planned scaling down of work as a result of the Government's announcement to suspend funding decisions with regard to major schemes investment back in June 2010, the uncertainty of borrowing allowances caused by the timing of the Comprehensive Spending Review settlement and service prioritisation plans. In particular, this impacted on the following schemes: South Devon Link road, East of Exeter Access schemes, the Science Park and Skypark projects, waste recycling centre improvement programme and the Vehicle and Equipment Loan pool programme. The remaining slippage (£9m) relates to a mixture of land issues, delays

caused by complicated partnership arrangements, public consultations, issues flowing from the implementation of new waste technologies and dealing with contractors' administrators.

4. Debt Over 3 Months Old

- 4.1 Corporate debt at the end of the period has reduced to just over 2.5% of the annual value of invoices raised and compares against the target of 2.0%. Negotiations are progressing in respect of disputed debts and on-account payments are being sought to secure the County Council's cash flow. It is anticipated that year-end debt will be close to target.

5. Partnerships

- 5.1 The majority of Partnerships are forecasting relatively small reduced contributions from the County Council and other funding Agencies. As reported previously, the exception is the Authority's increased contribution to the Joint Equipment Store which has been provided within the Adult and Community Services' revenue outturn forecast above.

6. Conclusion

- 6.1 The revenue position has improved in terms of the estimated underspending at the year end. All Directorates are indicating improved financial positions which have resulted from a combination of factors including increased income from external sources and increased savings from vacancy management. However, some costs are still to be finalised in the remaining months of the year and these will have an adverse impact. However, a balanced budget is still anticipated.

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Electoral Divisions: All

Local Government Act 1972

List of Background Papers

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Background Paper Date File Ref

Nil

Cabinet Member: Councillor John Clatworthy

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