

THE EXECUTIVE

16 SEPTEMBER 2003

REPORT OF THE DIRECTOR OF FINANCE

BUDGET MONITORING REPORT - JUNE 2003		FOR INFORMATION
<i>This report is submitted to the Executive as part of its monitoring role.</i>		
<u>Summary</u>		
This report covers the council's revenue expenditure from the beginning of April to the end of June 2003.		
Although there has been improvement in the projected out-turn for the year, budgets continue to be under pressure in Education. Action has been taken within Housing and Health to address overspends on Homeless provision and although costs will rise over the year, disbursements are expected to be being fully recovered. Action has also been taken to deal with the projected adverse position in the Housing Revenue Account noted in the last monitoring report.		
<u>Recommendation</u>		
Members are asked to: -		
<ol style="list-style-type: none">1. Note the report; and2. Require the Director of Education and Libraries to ensure action is taken to rectify the current projected overspend.		
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1. Overview

- 1.1 At the end of June 2003 the Council had a net underspend of £404,506 against a profiled budget of £35.5m. Current projections indicate that there are financial pressures within Education, Finance and the Housing Revenue Account that may change the position by the end of the current financial year.

	Expenditure to end June 2003	Over/ (under)spend to end June 2003	Full year: Projected Out-turn	Full year: Projected Over/ (under)spend
	£	£	£	£
• General Fund Services	35,268,581	(662,976)	199,605,746	600,000
• Housing Revenue Account	258,470	258,470	0	0
Total	35,527,051	(404,506)	199,605,746	600,000

- 1.2 Details of each service's financial position are provided in **Appendix A**. There are a number of variations to individual service accounts that should not be regarded as significant at this point in the financial year. It is expected that such variances will reduce as the year progresses and out-turns for the full year are currently expected to be within the limits agreed, except for: -

2. Education

- 2.1 Projections continue to show an anticipated overspend of £600,000 from:
- SEN Transport (home to school)
 - Non-maintained School Fees:
 - Education Administration Staff Costs:
 - Nursery Education Funding.
- 2.2 Reasons for the overspend and proposed action were detailed in the Budget monitoring report for May 2003. An action plan has been prepared by the Director of Education and Libraries and his management team that addresses these issues and the progress of this plan will be monitored in future reports.

3. Housing General Fund

- 3.1 Members have agreed for the provision of additional private sector rented accommodation with dependence on bed and breakfast accommodation expected to reduce. Two new hostels are to be built through the LASHG Programme and the use of Private Sector Leasing (PSL) Schemes will be increased. Although the quantum of spend on homeless persons is to remain high, the net effect on council spend is neutral, as this can now be clawed back through Housing Benefit.

4. Housing Revenue Account

- 4.1 The position previously reported was that a £2.4 million overspend was expected in the year. However, this was heavily dependent on a worst case projection on the timing effects of right to buy sales and on the quantum of redundancy payments arising from the outsourcing of the repairs service. It has since been established that the expected overspends are significantly lower because right to buy competitions are now expected in the fourth quarter of the year, with subsequent losses of rental income being managed within working balances. Redundancies have been mainly amongst younger staff with fewer years' service. Current projections on working balances within the account indicate that balances will be £1.4 million by 31 March 2004, reducing to £1.15 million by 31 March 2005.

5. Interest on Balances

- 5.1 The current position is relatively buoyant. Further work is being undertaken to project the full-year trend.

6. Savings Implementation Plan

- 6.1 Members have agreed to savings plans for Community Halls and Cemetery Charges since the last report. As a result, some £1.6 million of savings is expected in the current year against a target of £1.7 million. The small gap is expected to be made up from efficiency and procurement gains.