

## THE EXECUTIVE

29 JULY 2003

### REPORT OF THE DIRECTOR OF FINANCE

BUDGET MONITORING REPORT - MAY 2003		FOR INFORMATION
<p><i>This report is submitted to the Executive as part of its monitoring role.</i></p> <p><b><u>Summary</u></b></p> <p>This report covers the council's revenue expenditure from the beginning of April to the end of May 2003.</p> <p>At this early stage in the financial year, particular pressures are evident within Education and Housing that could add £729K to spend from the General Fund. A projected adverse out-turn of £2.4m within the Housing Revenue Account is attributable to a projected loss of income resulting from Right-to-Buy purchases of Council properties.</p> <p>Expenditure is being closely monitored and officers are currently investigating alternative provision, appropriate contingencies and additional savings that will help mitigate the position by the end of the financial year.</p> <p><b><u>Recommendation</u></b></p> <p>Members are asked to note the report.</p>		
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#### 1. Overview

- 1.1 At the end of May 2003 the Council had a net underspend of £603,892 against a profiled budget of £14.9m. However, current projections indicate that there are financial pressures within Education and Housing that may change the position by the end of the current financial year. This is summarised below.

	Expenditure to end May 2003	Over/ (under)spend to end May 2003	Full year: Projected Out- turn	Full year: Projected Over/ (under)spend
	£	£	£	£
• General Fund Services	13,961,156	(1,021,177)	199,735,447	729,701
• Housing Revenue Account	404,858	417,285	2,429,136	2,429,136
<b>Total</b>	<b>14,366,014</b>	<b>(603,892)</b>	<b>202,164,583</b>	<b>3,158,837</b>

- 1.2 Details of each service's financial position is provided in **Appendix A**. There are a number of variations to individual service accounts that are attributable to:
- Minor timing differences arising from seasonal activity.
  - Minor variances arising from "hot spots" in employee, supply and service costs arising from demand for services.
  - Minor variations to planned activity introduced since budgets were agreed
  - Minor variations arising from activity outside direct Council control, and
  - The Council acting as Accountable Body for a number of externally funded Partnerships providing business services and working capital. All disbursements from the General Fund are recovered by the end of the financial year.
- 1.3 These should not be regarded as significant at this point in the financial year. It expected that such variances reduce as the year progresses and out-turns for the full year are currently expected to be within the limits agreed.
- 1.4 There are two significant exceptions to this and details are provided below:

## **2. Education**

2.1 Current projections show an anticipated over spends of:

- £200,000 on employee costs
- £200,000 on transport costs, and
- £200,000 on supplies and services.

2.2 These arise from the following areas of concern:

- **SEN Transport (home to school)** The provision of Home to School transport has been demand-led, and there have been increasing financial pressures on the service. Action is being taken to address these matters with a revised transport policy and reviewing of school bus routes. Preparations are also being made for transfer of this service to Leisure and Environmental Services during the current year.
- **Non-maintained School Fees:** The Local Education Authority occasionally has to place pupils at external specialist educational establishments in order to discharge its statutory duties. The cost of specialist provision has risen significantly in recent years and in order to reduce exposure to these inflationary pressures, in-house provision (such as Trinity Autism Base) has been developed to meet demand, with quality of provision monitored and costs controlled. However, individual, exceptional cases are difficult to predict and control in the short term.
- **Education Administration Staff Costs:** Restructuring took place in 2002-03, and was not completed at the time of budget preparation. Action is now being taken to ensure that costs of additional posts and re-gradings can be met from within existing resources.

- **Nursery Education Funding:** Nursery Education Grant funding has now been withdrawn, although the Council has a statutory duty to providing funding to eligible private playgroups and nurseries. Action is now being taken to redirect funding from schools to support this provision since development of private sector provision has reduced demand for nursery places within schools.

### **3. Housing General Fund**

- 3.1 The projected overspend is attributable to increasing demand on the Council to provide accommodation for the homeless. A recent steep increase in the numbers of homeless people has therefore resulted in additional spend on bed and breakfast accommodation in order that the Council discharge its statutory obligation.
- 3.2 Action has been already taken to reduce the potential overspend in the current year.
- Two new hostels are to be built through the Local Authority Social Housing Grant Programme
  - There is to be an increase the use of Private Sector Leasing Schemes where costs are recovered from Housing Benefit receipts.
  - An Accommodation Resettlement Unit has been established to streamline the procedures for moving people from homelessness into accommodation.
- 3.3 Officers expect that these actions will mitigate the effect of budget pressures from the statutory requirement to provide accommodation for the homeless over the medium term.

### **3. Savings Implementation Plan**

- 3.1 Members agreed a Savings Implementation Plan for the current financial year and for 2004/05 and 2005/06. For three years a total of £4million is expected to be found from the Environmental Protection and Consumer Services block and from Core Democratic Services. £1.7million is be found in the current year, of which £1.5million has already been identified, with officers taking steps to implement the required savings and ensure that remaining savings are identified and achieved by the end of the current financial year.