

**HERTFORDSHIRE COUNTY COUNCIL**

**CABINET  
MONDAY 18 DECEMBER 2000 AT 9.30AM**

**EXECUTIVE COMMITTEE  
MONDAY 18 DECEMBER 2000 AT 2.15PM**

**Agenda Item No:**

**4**

**COUNTY COUNCIL REVENUE AND CAPITAL BUDGET MONITOR**

*Report of the Chief Financial Officer*

Authors: Jill Laycock (01992 555388)  
Les Pollard (01992 555396)

Executive Member: David Beatty

**1. Purpose of Report**

To seek approval to:

- virements and carry forwards as set out in paragraph 3 of the main report.
- returning unplanned savings to reserves (with the exception of £874k in the Education budget).
- instruct all services to continue to manage their budgets in order to reduce currently estimated overspending.
- return to reserves in 2000/2001 a forecast underspend of £501k on capital expenditure which could then be carried forward to support the 2001/2 Capital Programme.

The Cabinet will be asked to make recommendations for approval by the Executive Committee at their meeting at 2.15pm. Since there will not be time to seek the comments of the Resources Select Committee, this report has been sent to Spokesmen for their comments. Their views if any will be reported.

**2. Summary**

- 2.1 As at 30 September 2000 (31 October 2000 for Environment and Social Services) an overall overspend of £0.606m is projected against the latest budget of £790.789m. Environment are taking action to contain their overspend within budget and are confident they will be able to do so. This will reduce the net overspend to £0.342m.

- 2.2 The principal reasons for the variation in the forecast revenue outturn are listed in Table 1 (Para 1.1), whilst a more detailed analysis is shown in Appendix A.
- 2.3 Table 3 (Para 2.1) analyses by service the forecast capital underspend of £5.301m. Analysis by type of variance is shown in Table 4 (Para 2.1), whilst a detailed analysis is supplied in Appendix B.
- 2.4 Section 3 of the main report details the virement requests requiring member approval, and also sets out the decisions which are required from members on the treatment of unplanned revenue underspends and capital underspends.

## 1. REVENUE BUDGET VARIANCES

- 1.1 The following table shows those variances of £75,000 or more against the latest budget. Detailed explanations for these variances are listed in sections 1.3 to 1.7.

**Table 1**

Service	Description	Forecast Over/ (Under spend) £000
Education	Mainstream Home to School Transport	500
	Access & Participation - Hospital and Home Education Service	171
	SEN Home to School Transport	150
	School Meals	(400)
	Directorate Divisional budget	(148)
	Nursery Growth	(107)
	HCC Specialist Placements	(200)
	Earmarked Pupil Funding	(130)
	Specialist Units and Bases	(75)
Social Services	Home Care for all client groups	900
	Section 117 of the Mental Health Act 1983	500
	Placements of MH and PD adults in independent sector homes	200
	Transport	200
	Legal charges	130
	Day care and respite care for LD children	100
	Children's agency and fostering allowances	(120)
	Review of special and specific grant programmes	(200)
	District staffing and office costs	(100)
	Employment Direct	(100)
	In house children's services	(230)
	Repairs and maintenance	(300)
Environment	Waste management	540
	Routine Maintenance	(100)
	Safety and Movement	(100)
Corporate Services		
	Corporate Managed Properties	120
	Corporate Property Fees	(120)
Contingency	Savings	(407)
	<b>Sub Total</b>	<b>874</b>
	Other forecast variances below £75k	(68)
	<b>Forecast Overspend</b>	<b>606</b>

- 1.2 Table 2 below summarises the variances by service using the criteria previously laid down by Corporate Services.

**Forecast Budget Variances 2000/01**

**Table 2**

	<b>Overspends</b>	<b>Planned Under-spends</b>	<b>Unplanned Under-spends</b>	<b>Net Variances</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Education	934	(60)	(1,077)	(203)
Social Services	2,030	(1,050)		980
Environment	540	(276)		264
Community Information			(20)	(20)
Protection	44	(18)		26
Corporate Services	140	(140)		0
Central Items		(21)	(420)	(441)
<b>Total at 30/9/00</b>	<b>3,688</b>	<b>(1,565)</b>	<b>(1,517)</b>	<b>606</b>
Further savings planned by Environment		(264)		(264)
<b>Current best estimate of revenue outturn at 31/3/01</b>	<b>3,688</b>	<b>(1,829)</b>	<b>(1,517)</b>	<b>(342)</b>

**1.3 EDUCATION**

**1.3.1 Mainstream Home To School Transport - £500,000 Overspend**

This overspend is due to both cost and demand led pressures. Cost pressures relate to additional tender costs, higher than expected inflation and changes to routes and contracts due to increased take-up. In addition, there has been a need for new provision for the following schools; Hertsmere and Michael Sobell (demand greater than anticipated), Westfield and Tring (changes to community transport policy) and Sheredes (increased demand arising from shortage of secondary school places in the lower Lea Valley).

**1.3.2 Access & Participation budgets - £171,000 Overspend**

The most significant pressure within the Access and Participation budgets has been around the Hospital and Home Education Service (H&HES). An overspend is forecast due to more effective processes for identifying children who need support which consequently has resulted in the number of children supported by the H & HES increasing from 35 to 360 over the past year (and more extensively than was predicted in the 2000/01 budget process). In addition, experience of the past year has shown that 40% of children require support for considerably longer than the anticipated average of 10 weeks. Finally, the H&HES has been providing support in a range of areas that were not anticipated.

### **1.3.3 SEN Home to School Transport - £150,000 Overspend**

The main reason for the overspend is the number of SEN Pupils being transported to school has increased by 63 since September 1999. In addition to this the cost of all continuing SEN contracts has risen by the RPI (3%) compared to the 1.9% inflation built into the budget.

### **1.3.4 School Meals - £400,000 unplanned underspend**

Reduced free school meal entitlement and take-up is projected to result in an underspend of £400,000 on the budget for the provision of school meals.

### **1.3.5 Directorate Divisional budget - £148,000 unplanned underspend**

This underspend is caused by a high level of staff vacancies. This may need to be addressed for the 2001/02 budget.

### **1.3.6 Nursery Growth - £107,000 unplanned underspend**

Of this underspend, £43,000 relates to current projections indicating that fewer children are claiming under the support scheme than the budget allows for. The remainder is in respect of voluntary nurseries.

### **1.3.7 HCC Specialist Placements - £200,000 unplanned underspend**

The main reason for the underspend is due to a number of changes in placements and funding for 40 pupils (£157,000) and a larger number of leavers than anticipated (20 pupils) compensated for by 14 pupils staying on that were expected to leave (net effect £43,000 saving).

### **1.3.8 Earmarked Pupil Funding - £130,000 unplanned underspend**

The budget was allocated to fund 750 pupils with EPF for a full year. EPF is allocated through bi-annual submissions which occur termly and the part year effect of this has resulted in the underspend. As this is the first year that allocations have been made termly it was difficult to predict the pattern of submissions.

### **1.3.9 Specialist Units and Bases - £75,000 unplanned underspend**

This forecast underspend is a result of the delayed starts of the Emotional Behavioural Difficulties project.

## **1.4 SOCIAL SERVICES**

### **1.4.1 Home Care for all client groups - £900,000 overspend**

The full year effects of the home care commitments as at 31 March 2000 were greater than allowed for in the 2000/01 revenue budget. The number of people meeting the home care eligibility criteria is increasing. An action plan has been

put in place to ensure that all packages are reviewed on a regular basis, especially for those clients recently discharged from hospital where the need for support tends to reduce over a relatively short period of time.

#### **1.4.2 Section 117 of the Mental Health Act 1983 - £500,000 overspend**

The judgement on Section 117 of the Mental Health Act 1983 will result in additional ongoing costs (loss of income) amounting to £500,000 or possibly more in 2000/01 and future years. Further work has been undertaken to identify which clients will be affected by this judgement, and results have so far been received from 5 out of 10 districts. The impact may be less in 2000/01 than £500,000 since we may not have to pay back District Councils in respect of Housing Benefit overpayments, but the full cost should be known by the end of December 2000.

#### **1.4.3 Placements of MH and PD adults in independent sector homes - £200,000 overspend**

It is estimated that these budgets will be overspent since the budgets were set based on commitments as at 31 March 2000. Several new placements (over turnover) have been made in the first seven months of the financial year.

#### **1.4.4 Transport - £200,000 overspend**

It is forecast that the efficiency savings of £100k on transport services, which were identified as part of the Whole Organisation Review, will not be achieved. It had been estimated that, by tendering for taxi services previously commissioned on an ad hoc basis, a 10% saving would be achieved but this proved not to be the case. There is also a further overspend of £100k for the cost of additional clients in 2000/01, making a total of £200k forecast overspend on transport.

#### **1.4.5 Legal charges - £130,000 overspend**

A combination of agreeing to the funding of an additional member of staff in the County Secretary's department and increased payments for external legal services (for children's services) will result in legal charges related budgets being overspent by an estimated £130,000 in 2000/01.

#### **1.4.7 Day care and respite care for LD children - £100,000 overspend**

The number of LD children being provided with day care and respite care continues to increase. There are now more children receiving a service than was allowed for in the 2000/01 budget.

#### **1.4.8 Children's agency and fostering allowances - £120,000 planned underspend**

Active measures have been taken to reduce out county / agency placements resulting in an underspend of £320,000, which is greater than the overspend on fostering allowances (£200,000) resulting from a greater number of children being fostered than forecast.

#### **1.4.9 Review of special and specific grant programmes - £200,000 planned underspend**

In order to achieve savings, the start dates of some projects have been delayed. However, the full grant allocation will be received since other schemes, which meet the grant payment criteria, will be substituted

#### **1.4.10 District staffing and office costs - £100,000 planned underspend**

Planned savings have been made within District teams' staffing budgets by further delaying the recruitment process for certain posts.

#### **1.4.11 Employment Direct - £100,000 planned underspend**

There has been greater success in obtaining grants from a number of sources, as a result of which grant income will be greater than the amount included in the budget. It is assumed that the overall budget will underspend by £100,000 as a result.

#### **1.4.12 In house children's services - £230,000 planned underspend**

Due to the planned phasing of staff recruitment in family placement teams and family centres, plus additional planned savings in non-staff costs, projected underspends totalling £230,000 have been identified on Family Support Teams, Family Placements Teams and CMHS.

#### **1.4.13 Repairs and maintenance - £300,000 planned underspend**

It is proposed that £300,000 of the repairs and maintenance budget is used to partly offset the 2000/01 overspends throughout the rest of the Committee.

### **1.5 ENVIRONMENT**

#### **1.5.1 Waste Management - £540,000 overspend**

A substantial increase in the tonnages of waste requiring disposal this year has caused a considerable projected overspend. Latest information indicates that the rate of increase has slowed a little, which has allowed the projected overspend to be reduced. This, coupled to a management decision to apply for capital funding for repairs to the flooring at the Waterdale Transfer Station,

thus removing it from the revenue budget, has produced a significant improvement in the position previously reported.

#### **1.5.2 Routine Maintenance - £100,000 planned underspend**

Planned efficiencies produced through the latest Highground maintenance contract has further reduced costs.

#### **1.5.3 Safety and Movement - £100,000 planned underspend**

Following discussions with the Police, the funding earmarked for assisting with their costs stemming from the increased use of speed cameras has been delayed until next financial year.

### **1.6 CORPORATE SERVICES**

#### **1.6.1 Corporate Managed Properties - £120,000 overspend**

This forecast overspend is due to pressure on the budget as further properties come out of active service use as a consequence of the expanding programme for achieving capital receipts.

#### **1.6.2 Corporate Property Fees - £120,000 planned underspend**

It is expected that the budget for corporate property fees for work commissioned from APS will underspend by £120,000 this year. This is due in part to a greater proportion of the work done by APS relating to the Corporate Managed Properties budget instead. This underspend will be used to offset the pressures on the Corporate Managed Properties budget.

### **1.7 CONTINGENCY**

#### **1.7.1 £407,000 underspend**

This underspend is a result of a one off over-provision from pay budgets.

## 2 CAPITAL BUDGET

### 2.1 Projected Outturn and Variances

Expenditure for the County Funded Capital Budget is estimated to be £5.301m below latest budget at outturn. Analysis of this variance by service is shown in table 3.

<b>Table 3</b>			
<b>Committee</b>	<b>Latest Budget</b>	<b>Current Forecast Outturn</b>	<b>Projected Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Education	44,232	42,596	(1,636)
Social Services	3,862	3,002	(860)
Environment	18,706	16,148	(2,558)
Community Information	1,751	1,751	0
Protection	1,253	1,006	(247)
Corporate Services	5,213	5,213	0
Magistrates Courts	271	271	0
Probation	164	164	0
<b>Total</b>	<b>75,452</b>	<b>70,151</b>	<b>(5,301)</b>

The variance under budget amounts to £5.301m, which can be analysed as slippage of £4.804m, underspends of £0.501m less overspends of £0.004m. The variance is analysed by service in table 4 below

<b>Table 4</b>				<b>Total Projected Variance</b>
<b>Committee</b>	<b>Slippage</b>	<b>Overspends</b>	<b>Underspends</b>	<b>£000</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Education	(1,636)			(1,636)
Social Services	(860)			(860)
Environment	(2,308)		(250)	(2,558)
Community Information				0
Protection		4	(251)	(247)
Corporate Services				0
Magistrates Courts				0
Probation				0
<b>Total</b>	<b>(4,804)</b>	<b>4</b>	<b>(501)</b>	<b>(5,301)</b>

Table 5 shows those projects with material variances.

**Table 5**

<b>Service</b>	<b>Description</b>	<b>Forecast (Underspend) £000</b>
<b>Education</b>	<b>Basic Needs Schemes</b>	
	Stevenage Secondary Places	(807)
	Stevenage Primary Places	(585)
	Cheshunt and Rickmansworth Secondary Places	(156)
<b>Protection</b>	Uniforms	(251)
<b>Social Services</b>	LD Hostel Review	(317)
	Ripon Road	(43)
	Balmoral Day Centre Replacement	(500)
<b>Environment</b>	Highways Maintenance Depots (Self Financing)	(1,812)
	Baldock By-pass	(496)
	Aldenham Dam Repairs	(250)
	<b>Sub total</b>	<b>(5,217)</b>
	Other forecast variances	(84)
	<b>Forecast Underspend</b>	<b>(5,301)</b>

## **2.2 EDUCATION**

### **2.2.1 Stevenage Secondary Places – slippage £807,000**

Detailed schemes are now being prepared following consultation with members but work on site will not now commence until financial year 2001/2.

### **2.2.2 Stevenage Primary Places – slippage £585,000**

Proposals for meeting Basic Need in Stevenage, following extensive consultation, have been agreed by the Children, Schools and Families Committee but will not require expenditure this year.

### **2.2.3 Cheshunt and Rickmansworth Secondary Places – slippage £156,000**

Slippage is forecast due to ongoing discussions as to the most appropriate way to meet the identified need.

## **2.3 PROTECTION**

### **2.3.1 Protective Clothing - underspend £251,000**

As a result of investigations into the best way of providing protective clothing it was decided to move over to a lease and maintenance Total Care package. Consequently the capital sum of £251,000 was no longer required as the uniform package will impact on the revenue budget.

### **2.3.2 Breathing Apparatus Telemetry – underspend £74,000 reallocated to resurfacing drill yard at Longfield Training Centre**

This money was allocated to buy a system, which would allow communication with BA crews. The supplier is now unable to deliver the package. An alternative system has now been acquired at a cost of £26,000 and £74,000 of the original budget is no longer required. Within virement rules this underspend has enabled the service to bring forward priority works at the training centre for resurfacing of the drill yard.

## **2.4 SOCIAL SERVICES**

### **2.4.1 LD Hostel Review – slippage £317,000**

Start dates for a number of works now agreed for January and February 2001 which will result in final stage payment and retention being made in 2001/2002.

### **2.4.2 Ripon Road – slippage £43,000**

Works will now start on site in January 2001 resulting in final stage payment and retention being made in 2001/2002.

### **2.4.3 Balmoral Day Centre Replacement – slippage of £500,000.**

It has not been possible to find suitable sites in Watford to fully provide this resource with the original allocation.

## **2.5 ENVIRONMENT**

### **2.5.1 Highways Maintenance Depots – slippage £1,812,000**

Detailed ongoing planning discussions have delayed progress although detailed design work is in hand. Construction will not commence until next financial year resulting in slippage being forecast for these self financed schemes.

### **2.5.2 Baldock Bypass – slippage £496,000**

The Local Transport Plan settlement from the DETR for the current financial year included a budget of £596,000 for funding the preliminary works associated with the above scheme. The progress of this work and the source of its funding is directly linked to the decision on the overall financing of the scheme, the two options being by direct funding through Transport Supplementary Grant (TSG) or through the Private Finance Initiative (PFI). The decision from the DETR is still awaited and even if received now in favour of direct funding, it will only be possible to spend approximately £100,000 by year end.

As this is a project directly funded by the DETR the County Council does not have the discretion to use the underspend to finance other work.

### **2.5.3 Aldenham Dam Repairs – underspend £250,000**

Of the £300k originally allocated for this project only £50k will be required in 2000/01 to cover a further engineer's report and ongoing settlement monitoring. The remaining £250k can therefore be released. However it is possible that a further capital bid may be required in a future year depending on the outcome of the settlement monitoring.

## **3. Financial Implications**

3.1 This meeting of the Cabinet are asked to consider the following requests for virements and carry forwards.

(i) That the following technical adjustments between services be approved / not approved:

- (a) From: Corporate Services  
To: Education  
Amount: £461,000  
Reason: Transfer of responsibility for the Early Childhood Unit.

(ii) That the following technical adjustments within services be approved / not approved:

- (a) Corporate Services Capital virement  
From: Development Opportunities Fund  
To: Smallford Landfill Site  
Amount: £110,000  
Reason: To meet the specialist consultancy costs associated with identification of the circumstances of contamination at the Smallford site.

3.2 That services should continue to make every effort to contain revenue expenditure within budget. However, in order to manage the overall budget position at this stage, the projections in the report assume that all net unplanned underspends (excluding those for Education referred to in 3.3 below) remain unallocated but with the potential for returning these to reserves.

3.3 That approval is given to Education to use up to a maximum of £874k of their unplanned underspends to offset overspends, with the remaining £203k unplanned Education underspends being returned to General Reserves.

3.4 Of the total forecast variance on capital expenditure of £5,301k less than latest budget, £501k represents an underspend on Environment and Protection. It is recommended that this is returned to reserves in 2000/01.

<b>COUNTY SUMMARY REVENUE BUDGET MONITOR AS AT 30 SEPTEMBER 2000</b>							
<b>(all figures in £'000)</b>							
SERVICE	Original Budget	Carry Forward from 1999/2000	Approved Virements & Technical Adjustments	Latest Approved Budget	Projected Spend at Year End	Projected Variance	Carry Forwards 2000/01 Requested
Education	471,818	838	1,354	474,010	473,807	(203)	
Social Services	170,558	519	(153)	170,924	171,904	980	
Environment	63,811	167	(16)	63,962	64,226	264	
Community Information	15,653	83	784	16,520	16,500	(20)	20
Protection							
Fire	27,480	282	189	27,951	27,965	14	
Trading Standards	1,731	47	50	1,828	1,828	0	
Coroners	649			649	679	30	
Registration	597	33	1	631	613	(18)	
Emergency Planning	188	44		232	232	0	
Rent Officers	0			0		0	
Total	30,645	406	240	31,291	31,317	26	0
Probation (net)	1,370	30		1,400	1,400	0	
Magistrates Courts (net)	1,084	26		1,110	1,079	(31)	21
Corporate Services							
Central Departments	15,129	426	(545)	15,010	15,010	0	
County Supplies & Contract Services	(41)			(41)	(41)	0	
Traded Services	(62)			(62)	(62)	0	
Managed Services	37		(1)	36	36	0	
<b>Civic Buildings</b>	3,067			3,067	3,067	0	
Total	18,130	426	(546)	18,010	18,010	0	0
<b>COMMITTEE TOTAL</b>	773,069	2,495	1,663	777,227	778,243	1,016	41
Contingency	1,130		372	1,502	1,092	(410)	
Precepts	8,315			8,315	8,315	0	
Capital Financing & Interest on Balances	15,376		(2,035)	13,341	13,341	0	
Contributions to Reserves	2,409			2,409	2,409	0	
LESS							
<b>Recharges included in Service Cttee Budgets</b>	(7,882)			(7,882)	(7,882)	0	
Funded from Capital Resources	(4,123)			(4,123)	(4,123)	0	
<b>COUNTY FUND TOTAL</b>	788,294	2,495	0	790,789	791,395	606	41

\* Underspends shown in brackets

CAPITAL BUDGET MONITOR AS AT 30 SEPTEMBER 2000						
COMMITTEE	Original Budget	Adjustments & Virements (approved & requested)	Previous Year Slippage	Latest Budget	Projected Spend at Year End	Projected Year End Variance *
	2000/01	2000/01	2000/01	2000/01	2000/01	2000/01
	£000	£000	£000	£000	£000	£000
<b>Education</b>						
County Funded	2,809	2,474	835	6,118	6,068	(50)
Externally Funded	7,290	9,798	854	17,942	16,356	(1,586)
Self Financing	10,566	3,464	0	14,030	14,030	0
Annual Provisions	7,459	(2,065)	748	6,142	6,142	0
<b>Total Education</b>	<b>28,124</b>	<b>13,671</b>	<b>2,437</b>	<b>44,232</b>	<b>42,596</b>	<b>(1,636)</b>
<b>Protection</b>						
County Funded	632	0	139	771	520	(251)
Externally Funded	0	0	0	0	0	0
Annual Provisions	262	65	155	482	486	4
<b>Total Protection</b>	<b>894</b>	<b>65</b>	<b>294</b>	<b>1,253</b>	<b>1,006</b>	<b>(247)</b>
<b>Community Information</b>						
County Funded	943	(17)	177	1,103	1,103	0
Externally Funded	0	53	0	53	53	0
Annual Provisions	230	89	276	595	595	0
<b>Total Community Information</b>	<b>1,173</b>	<b>125</b>	<b>453</b>	<b>1,751</b>	<b>1,751</b>	<b>0</b>
<b>Social Services</b>						
County Funded	675	102	942	1,719	1,359	(360)
Externally Funded	100	0	0	100	100	0
Self Financing	500	400	0	900	400	(500)
Annual Provisions	775	12	356	1,143	1,143	0
<b>Total Social Services</b>	<b>2,050</b>	<b>514</b>	<b>1,298</b>	<b>3,862</b>	<b>3,002</b>	<b>(860)</b>
<b>Environment</b>						
County Funded	4,424	0	194	4,618	4,368	(250)
Externally Funded	10,063	631	0	10,694	10,198	(496)
Self Financing	2,000	63	0	2,063	251	(1,812)
Annual Provisions	1,331	0	0	1,331	1,331	0
<b>Total Environment</b>	<b>17,818</b>	<b>694</b>	<b>194</b>	<b>18,706</b>	<b>16,148</b>	<b>(2,558)</b>
<b>Corporate Services</b>						
County Funded	2,008	(1,185)	553	1,376	1,376	0
Self Financing	0	1,972	0	1,972	1,972	0
Annual Provisions	1,227	0	638	1,865	1,865	0
<b>Total Corporate Services</b>	<b>3,235</b>	<b>787</b>	<b>1,191</b>	<b>5,213</b>	<b>5,213</b>	<b>0</b>
<b>Magistrates Courts</b>						
Externally Funded	271	0	0	271	271	0
<b>Probation</b>						

Externally Funded	48	116	0	164	164	0
<b>TOTAL</b>	53,613	15,972	5,867	75,452	70,151	(5,301)

\* underspends shown in brackets