

COUNTY COUNCIL REVENUE AND CAPITAL BUDGET MONITOR

Report of the Finance Director

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1. Purpose of the Report

To inform members of:

- the forecast outturn for Revenue and Capital Budgets in respect of 2001/02, based on budget monitors to 30 September 2001,
- requests for virements requiring Cabinet approval,
- other budget monitoring issues and their impact, if any, on future years.

2. Summary

- 2.1 As at 30 September 2001 an overall pressure of £0.611m (0.07%) is projected on the latest budget of £837.502m.
- 2.2 The principal reasons for the variation in the forecast revenue outturn are listed in Table 2 (Para 1.2), whilst a more detailed analysis is shown in Appendix A.
- 2.3 Table 3 (Para 2.1) analyses by service the forecast capital slippage of £8.615m, which includes £4.8m on self-financing schemes. Analysis by type of variance is shown in Table 4 (Para 2.1), whilst a detailed analysis is supplied in Appendix B.

3. Conclusion

- 3.1 Cabinet approval is required for virements over £75k, details of which are set out in Section 3 in the main body of the report.
- 3.2 There continues to be significant pressure, including that arising from the asylum seeker issue, on the revenue budgets of Adult Care Services (ACS) and Children, Schools and Families (CSF), which these services are working to contain within original budgets.

- 3.3 In accordance with the Financial Regulations, services can offset planned underspends against overspends, but unplanned underspends are returned to reserves. Services should be seeking to contain their spending (net of planned underspends) within budget.
- 3.3 The options for dealing with any remaining net overspends are as follows:
- a) Meet all the net overspends from reserves. If the current position were maintained there would be a net reduction of £611,000 in the level of reserves at 31 March 2002 to £13.4m.
 - b) To consider the carrying forward of end of year overspends as a first charge against next year's budget.

1. REVENUE BUDGET VARIANCES

1.1 Table 1 below summarises the variances by service using the criteria previously laid down in Financial Regulations 2000.

Table 1 Forecast budget variances 2001/02	Overspends	Planned Under- spends	Unplanned Under- spends	Net Variances
		£000	£000	£000
Adult Care Services	1,030	(537)	0	493
<u>Children, Schools, Families</u>				
Schools related budgets	1,169	(350)	(379)	440
Other	1,353	(551)	(450)	352
Community Information		(90)		(90)
Environment	60	(40)		20
Fire & Rescue	227	(83)		144
Trading Standards		(50)		(50)
Emergency Planning		(12)		(12)
Registration	24			24
Central Items		(200)	(510)	(710)
Current best estimate of revenue outturn at 31/3/02	3,863	(1,913)	(1,339)	611

1.2 Table 2 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 2	Description	Para ref.	Forecast Over/ (Under spend) £000
ACS	LD Residential and Day Care	1.3.1	430
	Residential (Rents)	1.3.2	(195)
	Home Care (all client groups)	1.3.3	500
	Slippage on specific grant funded schemes	1.3.4	(342)
	LD and MH restructuring costs	1.3.5	100
CSF	Local Services Transport	1.4.1	400
	Out of County Placements	1.4.2	520
	Home to School Transport – Mainstream	1.4.3	300
	Home to School Transport – SEN	1.4.4	200
	Other resources budget	1.4.5	231
	Other Departments	1.4.6	190
	School Meals	1.4.7& 8	(130)
	Local Services Division	1.4.9	(500)
	Resources Division	1.4.10	(90)
Community Information	Customer Services Centre	1.5.1	(90)
Fire & Rescue	Uniformed Pay	1.6.1	104
	Non Uniformed Pay	1.6.2	(83)
Central Services			
	Capital Financing & Interest on Balances	1.7.1	(200)
	Leased car discounts	1.7.2	(200)
	Single Status	1.7.3	(310)
All services	Other forecast variances below £75k		(224)
	Forecast Overspend		(611)

1.3 ADULT CARE SERVICES (ACS)

1.3.1 LD Residential and Day Care - £430,000 or 1.5% overspend

Increased pressure arising from client numbers being in excess of the budget and the average cost per client being higher than budgeted will lead to a projected overspend of £230,000 in 2001/02. Placements are kept under review, but the number and cost of additional urgent placements in the year to date has resulted in this budget pressure. The number of agency staff that are required to cover for vacancies, especially within in house hostels, has increased as a result of difficulties appointing permanent staff and will result in a budget overspend of £200,000 in this financial year.

1.3.2 Residential (rents) - £195,000 or 7.6% planned additional income

The Executive Committee on 23 July 2001 agreed to increase hostel and group home charges from July 2001 to maximise housing benefits prior to the introduction of "Supporting People" in April 2003. This review of charges will generate additional income in 2001/02 amounting to £195,000.

1.3.3 Home Care (for all client groups) - £500,000 or 0.9% overspend

The projected overspend arises from increases in the contract costs for elderly residential and nursing home placements. Implementation of a Home Care Action Plan is intended to contain the overspend at £500,000 for the year.

1.3.4 Specific grant funded schemes - £342,000 or 3.3% planned underspend

Start dates of certain schemes, funded from "Promoting Independence, Partnership and Prevention" specific grants, have been reviewed in order to generate savings which will be used to partly offset overspends within the home care budget.

1.3.5 Learning Disability and Mental Health Restructuring Costs - £100,000

One-off costs will be incurred in this financial year in respect of the new arrangements with Health for commissioning and providing LD and MH services, for example, the legal costs of drafting the various agreements that will be required. Interim management arrangements were in place from April until October 2001 i.e. prior to appointments being made to the new management structures for both LD and MH services.

1.3.6 In addition, there is pressure on the budget arising from asylum seeker costs. We have budgeted for reimbursement based on actual costs. However a formula basis has been introduced which would lead to under-recovery. This issue is being discussed with the Home Office to ensure that the actual cost of placements is recovered.

1.4 CHILDREN, SCHOOLS & FAMILIES (CSF)

1.4.1 Local Services - Transport - £400,000 or 45.5% Overspend

Considerable pressure continues on this budget but ongoing management action is working to contain the overspend at £400,000.

1.4.2 Out of County Placements - £520,000 or 4.2% Overspend

This projected overspend figure represents additional placements over and above forecast numbers, during the early part of this financial year. The spending pressure comes primarily from placements which are joint funded or sole funded Social Services placements. The above figure reflects management action taking place in the remainder of the year, including placements in the new residential establishments, which are due to open in Autumn 2001.

1.4.3 Mainstream Home To School Transport - £300,000 or 5.5% Overspend

This overspend is due to both cost and demand lead pressures. Pressures relate to additional tender costs, higher than expected inflation and changes to routes and contracts due to increased take-up. There have also been additional pressures on consortium transport.

1.4.4 SEN Home to School Transport - £200,000 or 2.6% Overspend

The main reasons for the predicted overspend are the price increases resulting from changes in transport requirements, as the needs of newly placed pupils are addressed.

1.4.5 Resources Budgets - £231,000 or 147.1% Overspend

The latest rating valuations for a small number of schools have led to a projected overspend of £231,000.

1.4.6 Other Departments - £190,000 or 3.7% Overspend

The overspend of £190,000 reflects the increased costs of child care litigation due to the volumes of work involved.

Budgets with planned underspends

1.4.7 School Meals - £50,000 or 1.8% planned underspend

Improved systems and administration are expected to produce a £50,000 underspend on the school meals service

Budgets with unplanned underspends

1.4.8 School Meals - £80,000 or 2.9% unplanned underspend

Reduced free school meal entitlement and take-up is projected to result in an underspend of £80,000 on the budget for the provision of school meals.

1.4.9 Local Services Division - £500,000 or 2.8 % unplanned underspend

The underspend reflects the anticipated saving from staff vacancies, over and above the vacancy factor, after allowing for the cost of employing temporary and agency staff to cover.

1.4.10 Resources Division - £90,000 or 4.2% unplanned underspend

The underspend reflects the anticipated saving from staff vacancies, over and above the vacancy factor, after allowing for the cost of employing temporary and agency staff to cover.

1.5 COMMUNITY INFORMATION

1.5.1 Customer Services Centre - £90,000 planned underspend

The underspend is caused by a different mix of call volume and call duration which will regularise over the 5 year period. Community Information will apply to carry forward to 2002/03 any underspend at the year end, to smooth the impact of charges to services over the contract period.

1.6 FIRE AND RESCUE

1.6.1 Uniformed Pay - £104,000 Overspend

The overspend on uniformed pay of £104,000 is because the service has been trying to maintain full establishment, currently the service is slightly over establishment due to the pattern of retirements and recruit squads. The February 2002 recruit squad will be delayed in order to help to contain the uniformed pay overspend.

1.6.2 Non Uniformed Pay - £83,000 planned underspend

The overspends above have been offset in part by an £83,000 underspend on non uniformed pay mainly due to vacancies.

1.7 Central Services

1.7.1 Capital Financing and Interest on Balances - £200,000 decrease in projected outturn

This arises from higher than expected cash balances as a result of:

- a) £15m received for the St John Newsom School in June
- b) £10m borrowed in August in anticipation of capital expenditure later in the year.

1.7.2 Leased Car Discounts - £200,000 increase in revenue

An increase in the number of new leased cars ordered in the current year has given rise to a higher than expected level of discount from the manufacturer.

1.7.3 Single Status – underspend £310,000

The evaluation of manual workers pay-scales arising from single status has been delayed to late 2001/2, early 2002/3. There will be a resultant saving of £310,000.

1 CAPITAL BUDGET

2.1 Projected Outturn and Variances

Expenditure for the Capital Budget is estimated to be £8,476,000 below latest budget at outturn. Analysis of this variance by service is shown in table 3.

Table 3			
Service	Latest Budget	Current Forecast Outturn	Projected Variance
	£000	£000	£000
Children, Schools & Families	50,197	46,211	(3,986)
Adult Care Services	3,848	3,219	(629)
Environment	29,821	29,821	0
Community Information	1,427	1,357	(70)
Protection	2,908	772	(2,136)
Corporate Services	4,344	2,550	(1,794)
Magistrates Courts	37	37	0
Total	92,582	83,967	(8,615)

The variance of £8,476,000 can be analysed as net slippage of £8,923,000 and overspends of £447,000. The breakdown by service is shown in table 4 below.

Table 4				
Service	Slippage	Overspends	Under-spends	Total Projected Variance
	£000	£000	£000	£000
Children, Schools & Families	(4,369)	383	0	(3,986)
Adult Care Services	(629)	0	0	(629)
Environment	0	0	0	0
Community Information	(70)	0	0	(70)
Protection	(2,200)	64		(2,136)
Corporate Services	(1,794)	0	0	(1,794)
Magistrates Courts	0	0	0	0
Total	(9,062)	447	0	(8,615)

Table 5 shows those projects with variances over £50,000.

Table 5	Description	Para. Ref.	Forecast over/ (underspend) £000
Children, Schools & Families	2000/01 Basic Need Schemes	2.2.1	(850)
	Cheshunt Secondary Scheme (100)		
	South West Herts Secondary Places (750)		
	1999/00 Basic Need Schemes	2.2.2	(50)
	Stevenage Secondary Places		
	2001/2002 County Funded (Major Schemes)	2.2.3	191
	Knutsford		
	2000/01 County Funded (Major Schemes)	2.2.4	(277)
	Broxbourne Secondary (76)		
	Roundwood Park Science Block (71)		
	William Ransom Primary (130)		
	1999/00 County Funded (Major Schemes)	2.2.5	(624)
	Barnwell 45		
	Francis Combe (500)		
Roundwood Park (Changing Rooms) (169)			
2001/02 Annual Provisions and Structural Repairs and Maintenance	2.2.6	(250)	
Repairs and Maintenance (200)			
Health & Safety (50)			
Self Financing Schemes	2.2.7	(2,151)	
Creswick Relocation (1,268)			
Jenyns Braughing (340)			
Meriden Nursery School, Watford (60)			
Oxhey Nursery Reorganisation (62)			
Stevenage Primary Places (Round Diamond) 100			
Welwyn Garden City Secondary Review :			
Stanborough 328	2.2.8		
Monks Walk (519)			
Squirrels (330)			
Former Social Services Joint Finance Scheme	2.2.9	55	
Mendip Centre (Lonsdale CWD School)55			
Adult Care Services	Learning Disability Hostels	2.3.1	(625)
Community Information	Community Information Automation	2.5.1	(70)
Protection	Training Centre, Longfield	2.6.1	64
	Watford & St Albans Fire Stations	2.6.2	(2,200)
Corporate Services	Gateway Call Centre & Web Site	2.7.1	(61)
	Financial System Review	2.7.2	(1,733)
	Total Forecast Variance		(8,615)

2.2 Children, Schools & Families

2.2.1 2000/01 Basic Need Schemes -Slippage £850,000

Slippage of £100,000 is expected on the Cheshunt Secondary Scheme due to work being carried out later than originally planned.

Slippage of £750,000 is expected on the South West Herts Secondary Places Scheme because of delayed starts at both Queens and Bushey Hall. Discussions are continuing at St Clement Danes and Westfield as to the most appropriate way to meet the identified need prior to design work being carried out.

2.2.2 1999/00 Basic Need Schemes- Net Slippage £50,000

Slippage of £50,000 is expected on the Stevenage Secondary Places schemes due to work being carried out later than originally planned, however work on site has now commenced.

2.2.3 2001/02 Major Schemes – overspend £191,000

The £191,000 of expenditure in advance of the budgeted cash flow at Knutsford is due to work being carried out earlier than anticipated in conjunction with the larger insurance scheme at the same sight. The scheme is still expected to be carried out within the budget available.

2.2.4 2000/01 Major Schemes - slippage - £277,000

Slippage of £71,000 is expected on the Roundwood Park Science Block, arising whilst arrangements have been made for combining into a single scheme the Basic Need and Changing Rooms elements. These arrangements have now been agreed, and work is scheduled for a February start. There is slippage of £76,000 expected on Broxbourne Secondary whilst the scheme is re-worked to combine with elements of NDS and insurance funding. Slippage of £130,000 is anticipated on William Ransom where discussions are continuing on the most appropriate way to meet the identified need

2.2.5 1999/00 Major Schemes- Slippage £624,000

Slippage of £500,000 on Francis Combe is forecast, however, planning approval has now been granted and the contract was let on 7th August. Slippage of £169,000 is expected on Roundwood Park Changing Rooms, for further details please see paragraph 2.2.4 above.

2.2.6 2000/01 Annual Provisions and Structural Repairs and Maintenance – slippage £200,000

It is anticipated that works committed at 31 March but where payment has not been made at that date will include £200,000 in respect of structural repairs and maintenance.

2.2.7 Self Financing Schemes

The following self-financing schemes all require a level of pre-funding, and have been included in the CSF capital bids seeking approval for inclusion in the 2002/03 capital programme; Jenyns, Meriden Nursery, Monks Walk and Squirrels.

Round Diamond is progressing ahead of the programmed cash flow and it is now estimated that £100,000 of expenditure will be incurred in the current financial year.

Work on the Welwyn Garden City, Creswick JMI replacement scheme, as set out in the architects report dated 1st August 01, should commence early in 2002/03 with a scheduled completion date of October 2003. Details will be reported to Cabinet towards the end of 2001.

2.2.8 Welwyn Garden City Secondary Review (overspend £328,000)

Work is now complete on the scheme at Stanborough School and final costs are £5,177,000 against an approved budget of £4,849,000. The £328,000 overspend on this part of the scheme relates to the provision of mobile classrooms to ensure the effective operation of the school on one site while the building works were under way. It is still expected that overall capital expenditure on Welwyn Garden City Secondary Review schemes will be substantially less than the capital receipt achieved from the sale of Sir John Newsom school.

2.2.9 Grant Funded Schemes

The Mendip Centre (overspend £55,000)

This near complete scheme came over to CSF from Social Services in April 2001. The final costs are estimated at £165,000 is partially offset by an additional Joint Finance contribution of £10,000 but still £55,000 over the approved budget of £100,000. This £55,000 overspend relates mainly to essential works arising from compliance with National Care Standards legislation identified in January 2001.

2.3 ADULT CARE SERVICES

2.3.1 Learning Disability Hostels (slippage £625,000)

Total slippage amounts to £625,000 on this budget.

Retention payments will now be made in 2002/03 as opposed to 2001/02 on the following schemes -

Scarborough House, Stevenage £65,000

Heronswood Road, Welwyn Garden City £15,000

Apton Road, Bishops Stortford £5,000

The Paddocks, Welwyn Garden City £10,000

There will be later start dates than originally planned on the following schemes -

Leavesden site, North Watford

John Newman site, Welwyn Garden City

Lintons site, Hoddesdon.

2.4 ENVIRONMENT

2.4.1 Winter Maintenance Project

There are concerns over the Winter Maintenance project. Whilst expenditure for this self-financing scheme remains on target, we understand that the prospective purchasers of South Mimms depot have withdrawn and other options are being explored by Hertfordshire Property.

2.5 COMMUNITY INFORMATION

2.5.1 Community Information (CI) Automation – slippage £70,000

Slippage of £70,000 is expected on the CI Automation budget. It is intended to replace the current software used on mobile and trailer libraries with an on line solution. It is unlikely that the project will be finished before the end of the financial year as we are awaiting the completion of trials of technological advances in this field.

2.6 PROTECTION

2.6.1 Training Centre, Longfield. – overspend £64,000

The overspend on the drill yard at Longfield has risen from £58,000 to £64,000 as a result of unexpected conditions encountered on the site. The Service is still investigating ways of containing this overspend within its overall capital allocation.

2.6.2 Self Financing Schemes – slippage £2,200,000

Watford and St Albans Fire Stations

Both self-financing schemes at Watford and St Albans will start no earlier than 2002/03.

2.7 CORPORATE SERVICES

2.7.1 Call Centre and Website – (slippage - £61,000)

The capital budget for the Call Centre includes provision for relocation costs and server room alterations, to be spent over the whole life of the contract. It is forecast that £61,000 of this provision will not be spent in 2001/02 but will need to be carried forward for subsequent years.

2.7.2 Financial System Review (FSR)- (slippage £1,733,000)

The specification work on the Financial Systems Review has now been completed. Recent developments in this market mean that there is now a wider range of options available to meet the specified requirements than previously. It is now expected that a Managed Service approach will be taken, where the costs of the system will be charged by the supplier as revenue costs. However, capital provision will be needed for the costs of consultants and a project implementation team. A revised capital bid has been submitted and, although the timetable for the project is not certain, it is expected that expenditure of £97,000 will be incurred in 2001/02. Replacement of the system remains business critical, but through discussion with our existing supplier, support for the current system can be extended to allow for the impact of this slippage.

3. REQUESTS FOR VIREMENTS

3.1 This meeting of the Cabinet is asked to consider the following requests for virements. These are technical changes that deal with issues that have all been provided for within the overall budget, but where resources now need to be specifically attributed to the relevant budgets.

- (a) From: Contingency
To: Corporate Services
Amount: £107,000
Reason: To cover cost of increases in bank charges arising from the revised contract with National Westminster Bank.

- (b) From: Contingency
To: Environment
Amount: £148,000
Reason: To cover cost of higher than expected inflation on waste management contract renewals brought forward from 2000/01.

- (c) From: ACS, CS&F, CI, Environment & Fire
To: Corporate Services
Amount: £855,000
Reason: To reflect the movement of staff from services to the newly formed Corporate ICT and Infrastructure (CICTIS) and Corporate Information Systems (CIS) divisions within Corporate Services/ Community Information effective from 1st April 2001.

**COUNTY SUMMARY REVENUE BUDGET MONITOR AS AT 30TH
SEPTEMBER, 2001**

(all figures in £'000)

SERVICE	Original Budget	Carry Forward from 2000/2001	Approved Virements & Technical Adjustments	Latest Approved Budget	Projected Spend at Year End	Projected Variance	Carry Forwards 2001/02 Requested
Adult Care Services	142,664	(19)	(850)	141,795	142,288	493	
Children, Schools & Families	679,521	200	676	680,397	681,189	792	
Community Information	20,727	356	43	21,126	21,036	(90)	(90)
Corporate Services	19,764	355	1,410	21,529	21,529	0	
Environment	77,640	0	130	77,770	77,790	20	
Protection							
Fire	32,889	0	158	33,047	33,191	144	
Trading Standards	1,955	60	16	2,031	1,981	(50)	(50)
Coroners	683	37		720	720	0	
Registration	698	0	6	704	728	24	
Emergency Planning	223	0	3	226	214	(12)	
Protection Total	36,448	97	183	36,728	36,834	106	(50)
Magistrates Courts (net)	2,697	21	12	2,730	2,730	0	
Contingency	728	873	(1,252)	349	349	0	
Precepts	7,157			7,157	7,157	0	
Capital Financing & Interest on Balances	16,082		(41)	16,041	15,841	(200)	
Asset Management Revenue Account	(166,552)		(311)	(166,863)	(166,863)	0	
Unapportioned Central Overheads	1,472			1,472	1,472	0	
Revenue Contributions to Capital	1,620			1,620	1,620	0	
NET REVENUE BUDGET	839,968			841,851	842,972	1,121	
Council Tax Benefit Subsidy	1,851			1,851	1,851	0	
Contributions to / from Reserves	(2,900)			(2,900)	(2,900)	0	
Funded from Capital Resources	(3,300)			(3,300)	(3,300)	0	
COUNTY FUND TOTAL	835,619	1,883	0	837,502	838,623	1,121	0

CAPITAL BUDGET MONITOR AS AT 30 SEPTEMBER 2001,						
SERVICE	Original Budget	Adjustments & Virements (approved & requested)	Previous Year Slippage	Latest Budget	Projected Spend at Year End	Projected Year End Variance *
	2001/02	2001/02	2001/02	2001/02	2001/02	2001/02
	£000	£000	£000	£000	£000	£000
CHILDREN, SCHOOLS & FAMILIES						
County Funded	6,901	0	1,029	7,930	7,220	(710)
Externally Funded	16,428	3,368	1,690	21,486	20,611	(875)
Self Financing	8,591	2949	(328)	11,212	9,061	(2,151)
Annual Provisions	7,811	248	1,510	9,569	9,319	(250)
Total Children, Schools & Families	39,731	6,565	3,901	50,197	46,211	(3,986)
ADULT CARE SERVICES						
County Funded	500	0	735	1,235	1,056	(179)
Externally Funded	0	1,525	0	1,525	1,525	0
Self Financing	1,875	(1,425)	0	450	0	(450)
Annual Provisions	638	0	0	638	638	0
Total Adult Care Services	3,013	100	735	3,848	3,219	(629)
Environment						
County Funded	2,610	1,000	31	3,641	3,641	0
Externally Funded	22,583	405	0	22,988	22,988	0
Self Financing	1,153	765	0	1,918	1,918	0
Annual Provisions	1,274	0	0	1,274	1,274	0
Total Environment	27,620	2,170	31	29,821	29,821	0
Community Information						
County Funded	628	0	396	1,024	1,024	0
Externally Funded	0	9	0	9	9	0
Annual Provisions	235	0	159	394	324	(70)
Total Community Information	863	9	555	1,427	1,357	(70)
Protection						
County Funded	225	0	119	344	408	64
Externally Funded	0	0	0	0	0	0
Self Financing	2,200	0	0	2200	0	(2,200)
Annual Provisions	230	17	117	364	364	0
Total Protection	2,655	17	236	2,908	772	(2,136)
Corporate Services						
County Funded	2,284	100	534	2,918	1,263	(1,655)
Self Financing	0	0	0	0	0	0
Annual Provisions	1,204	0	222	1,426	1,426	0
Total Corporate Services	3,488	100	756	4,344	2,689	(1,655)
Magistrates Courts						
Externally Funded	0	37	0	37	37	0
Total	77,370	8,998	6,214	92,582	84,106	(8,476)

* underspends shown in brackets