

**COUNTY COUNCIL REVENUE AND CAPITAL BUDGET MONITOR TO  
29<sup>th</sup> FEBRUARY 2004**

*Report of the Finance Director*

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Executive Member : David Beatty

**1. Purpose of Report**

To enable the Committee to identify if there are any issues arising from the budget monitor that they wish to scrutinise.

**2. Background**

- 2.1 Within each service, each area of the budget is allocated to a named manager who has responsibility for ensuring that services are delivered within the available funds. At the end of each month from May onwards reports are prepared that set out any changes in the budget, predicted variances, virement and carry forward proposals and any other items of budgetary concern.
- 2.2 Services send their reports to group spokesmen and to corporate finance who produce periodic summary reports that are considered by Cabinet.
- 2.3 At their meeting on 12 May the Scrutiny Co-ordination Panel resolved:  
*“That the regular Budget Monitor and ‘Traffic Light’ Monitor reports be included on the agenda of Scrutiny Committees on the basis that the reports are for noting not for discussion and to enable the Committees to identify issues for scrutiny.”*
- 2.4 A summary of the corporate report to the end of February 2004 is contained in pages 2 to 9 of this report. The provisional outturn for 2003/04 will be published on 5 July in accordance with the budget monitoring timetable.

**3. Access to Service Implications**

There are no direct access to service implications arising out of this report.

**4. Conclusions**

Members are asked to decide if there are any items arising out of the budget monitor report that they wish to consider for future scrutiny.

**Briefing Note**  
**Monthly Budget Monitor to 29<sup>th</sup> February 2004**

**1. Revenue Monitor**

The attached report shows the projected revenue outturn position as at 29<sup>th</sup> February 2004 as follows:

Net overspend	£2,813,000
Estimated final outturn	£961,175,000

This is a reduction (before carry forward requests) of £344,000 from the forecast outturn overspend of £3.157m reported in the January 2004 monitor. Most of the reduction in overspend is associated with carry forward requests, in some cases related to the rephasing of particular projects. If these carry forward requests are taken into account the projected net overspend has increased by £281,000 since the January monitor.

An overview of the changes since last month is given in Table 1, with details of the changes and a summary of the current position in Appendix A

£5.3m was included in the 2003/04 budget as a special provision to cover a number of areas where potential pressures have been identified. To date only £243,000 of this provision has been allocated to CSF to cover the projected costs associated with the implementation of the recommendations of the Climbie enquiry. In addition, £2.157m of budget provision within Adult Care Services to provide for loss of income on residential allowances is not required as this loss of income is to be compensated by specific grant. At its meeting in December the cabinet agreed that this be added to the special provision, so that the balance on this provision now stands at £7.214m.

This monitor shows a net reduction in the CSF overspend of £223,000 compared to the January monitor.

On the basis of these latest estimates, the special provision continues to be sufficient meet the additional costs arising in CSF in the year if the cabinet were minded to apply it for this purpose.

**2. Capital monitor**

The projected underspend of £17.460m which was reported in the January 2004 monitor, has increased by £745,000 as a result of further project slippage, to £18.205m.

**Consolidated monthly budget monitor report**

**Details  
as at 29<sup>th</sup> February 2004**

<b>1. Revenue Budget</b>		<b>£'000</b>	
Original budget		957,117	
Latest Approved Budget		958,362	
Forecast outturn at 29 <sup>th</sup> Feb 2004		961,175	
<b>Variance- overspend/(underspend)</b>		<b>2,813</b>	
<u>Change from previous monitor</u>		<b>(344)</b>	
Previous monitor	<i>31<sup>st</sup> January 2004</i>		
Forecast outturn from previous monitor		961,519	
Variance- overspend/(underspend)		<b>3,157</b>	
<b>Details of variances (previous monitor variances in italics)</b>		<b>@ 29/02/04</b>	<b>@ 31/01/04</b>
Adult Care Services		(2,610)	(2,610)
Children, Schools & Families		6,386	6,609
Libraries, Arts, Halls & Trading Standards		(250)	(250)
Fire & Rescue		40	0
Registration		(65)	0
Coroners		(60)	(35)
Emergency Planning		(65)	0
Information Technology		(745)	(745)
Environment		390	390
Corporate Services		(864)	(432)
Central Services		656	230
	<u>Net variance</u>	<b>2,813</b>	<b>3,157</b>
<u>Change from previous monitor</u>			
<b>Reasons for change</b>			
<u>CSF</u>	IT Equipment and Administrative Costs	412	
	Child and Adolescent Mental Health Service	106	
	SEN Home to School Transport	(76)	
	Child Protection	(141)	
	Units and Bases	(155)	
	Misc Variances Less Than £75,000	(369)	

<b>Consolidated monthly budget monitor report</b>		<b>Details as at 29<sup>th</sup> February 2004</b>
<b>Reasons for change (continued)</b>		
<b>Fire &amp; Rescue</b>	Audit Fees	20
	Key Worker Housing Strategy	20
<b>Coroners</b>	Death Referral Numbers	(25)
<b>Registration</b>	Refitting St Albans Gatehouse	(65)
<b>Emergency Planning</b>	New Barnfield Project	(65)
<b>Corporate Services</b>	Misc Small Underspends	(432)
<b>Environment</b>	Winter Maintenance	100
	Waste Management	(100)
<b>Central Services</b>		426
	<b>Total change from previous monitor</b>	<b>(344)</b>

## **1. Material Changes (over £75,000) to Revenue Variances February 2004**

### **Children, Schools & Families (CSF)**

#### **1.1 IT Equipment and Administrative Costs - £412,000 overspend**

IT infrastructure and PC installation costs, along with postages have experienced significant pressure in the year. Although actions were taken to try to contain these costs a gross projected overspend in 2004/05 of £412,000 has resulted.

#### **1.2 Child & Adolescent Mental Health Service - £106,000 overspend**

The Child & Adolescent Mental Health Service is now operated as a pooled budget with ACS and the Health Service. Under the terms of the pooling agreement, CSF is obliged to make its full contribution even if the relevant part of the service under spends. £106,000 is the 2002/03 under spend which the Pooled organisation is entitled to claim from CSF.

#### **1.3 SEN Home to School Transport - £76,000 decrease in overspend**

The projection of £704,000 spend above budget is based on increased numbers of pupils needing transport and the cost of new contracts in the East and North of the County which have now been tendered. Recent PTU estimates are showing a predicted lower overspend at year end than previously shown.

#### **1.4 Child Protection - £141,000 underspend (carry forward request)**

A number of areas for development that were identified as outcomes from the Climbie report have come in at nil cost as they have been met from existing budgets. In addition a number of Learning and Development activities have had to be rescheduled due to pressing demands on front line professional staff, leading to an underspend of £141,000. An application to carry forward this resource into 2004/05, to meet the scheduled activities, will be made.

### **1.5 Units and Bases - £155,000 underspend**

Delays in the opening of planned autism bases has led to underspending of up to £155,000 in year.

### **Environment**

### **1.6 Winter Maintenance - £100,000 increase in overspend**

Road salting activities in excess of the normal levels has continued to push up the level of the projected overspend.

### **1.7 Waste Management - £100,000 increase in underspend**

Latest data suggests that the reduction in the growth of waste throughput is likely to be slightly higher than previously forecast.

### **Corporate Services**

### **1.8 Various Smaller Underspends - £432,000 increase in underspend**

Overall Corporate Services anticipate a net underspend of £864,000, £411,000 of which relates to Crime and Disorder Programmes. Carry forwards will be requested for these sums together with a range of smaller carry forwards totalling £313,000 across other areas of service.

### **Central Services**

### **1.9 Interest on Balances - £426,000 increase in overspend**

The overall interest rate achieved on cash balances during the year is 0.3% lower than originally anticipated. In addition, on the advice of the Council's external treasury management consultants, some planned additional borrowing took place later in the year than originally planned, leaving cash balances lower than estimated for several weeks. This has had an impact on interest earned in the short term, but should optimise interest to be paid out on this borrowing in the longer term.

## **AREAS OF CONCERN**

There remain a number of areas of concern where current overspends exist. No final variations are projected at the year-end on these budgets as even at this stage in the year there is the potential for these potential overspends to be substantially reduced or in some cases for them not to arise at all.

### **Children, Schools & Families**

#### **2.1 High Wick Funding (Resources)**

Back in 1997/98, the Hospital Special School that operated at High Wick was closed, following an agreement made between the District Health Authority and Hertfordshire County Council.

Part of that agreement was that the District Health Authority were to make an annual revenue payment each year in perpetuity to provide funding for the children that would have otherwise attended the school. Invoices have been raised on an annual basis by Education/CSF Finance for the revenue amount (plus inflation) and all have been paid. However, the invoice for 2002/03 amount of £95,000 was queried by Health. There is no signed legal agreement for the arrangement, although reference to the agreement is made in the Education Committee paper of 21 September 1987. County Secretary has been contacted for advice. £105,000 has been budgeted for this income in 2003/04 giving a potential total concern of £200,000.

#### **2.2 Adult and Community Learning (ACL)**

CSF currently claims grant of around £2m from the LSC to fund Adult and Community Learning across a number of Departments within HCC.

The LSC have been refining eligibility criteria and have introduced Individualised Learning Records, These allow a more detailed analysis of our expenditure currently claimed against grants. A review of the spend, following the Budget Challenge exercise, has identified provision within ACS which may not be eligible to be grant funded. This totals £532,000 in 2003/04. Discussions are underway with the LSC to determine whether we can maximise other areas of provision and thereby reduce the shortfall. It is possible that of the £500,000 potential shortfall, around £200,000 may still be eligible. Nationally the LSC is re-focusing funding towards more work related training which may impact on our remaining grant funding, especially in 2004/05.

### **Environment**

#### **2.3 Highways Management – Outstanding Claims**

A number of claims for payment due to exceptional circumstances remain outstanding from the previous Highways maintenance contract. Should the contractor be successful in enforcing acceptance of some or all of these, there will be a significant impact on this year's projected outturn.

#### **2.4 Section 74 Income**

The Routine Maintenance budget contains an amount of £135,000 for net income from the utilities under Section 74 of the Highways Act, where amounts are payable to the highways authority for excessive time taken in carrying out works on the highway. Continuing national legal developments cast doubt on whether this money will be received.

### 3. Capital Budget

Original budget	106,259
Latest Approved Budget at 29/02/04	123,795
Forecast outturn	105,590
<b>Variance- overspend/(underspend)</b>	<b>(18,205)</b>
<u>Change from previous monitor</u>	<b>(745)</b>
Previous monitor <u>31st January 2004</u>	
Latest Approved Budget at 31/01/04	123,170
Forecast outturn from previous monitor	105,710
Variance- overspend/(underspend)	<b>(17,460)</b>

Details of variances (previous monitor variances in italics)	@ 29/02/04	@ 31/01/04
Children Schools & Families	(9,200)	(9,200)
Adult Care Services	(4,440)	(4,440)
Environment	(300)	(300)
Community Services	(3,104)	(2,903)
Information Technology	(178)	(141)
Corp Services	(983)	(476)
Magistrates Courts	(0)	(0)
<u>Net variance</u>	<b>(18,205)</b>	<b>(17,460)</b>

### 3. Material changes (over £75,000) to Capital monitor February 2004

#### 3.1.1 Community Services

##### 3.1a DDA Buildings & Facilities (slippage £179,000)

Delays in finalising details of some of the work to be commissioned means that slippage of £179,000 is anticipated on the DDA work taking place in libraries (previously reported estimate was £78,000). The intention is to request approval at year-end to carry forward this amount into 2004/05.

#### 3.2. Corporate Services

##### 3.2.a Energy conservation annual provisions (slippage £141,000)

Following the move of the energy monitoring function from Amey to Hertfordshire Business Services, the water and energy database is undergoing an overhaul to improve the accuracy of the data. A number of energy initiatives have been held pending the provision of the revised data and slippage is requested.

##### 3.2.b Central and shared DDA schemes (slippage £276,000)

Work on these schemes has commenced and slippage will be requested to continue the programme of works.

## COUNTY SUMMARY REVENUE BUDGET MONITOR AS 29 FEBRUARY 2004

SERVICE	(all figures in £'000)						
	Original Budget	Carry Forward from 2002/03	Approved Virements & Tech Adj	Latest Approved Budget	Projected Spend at Year End	Projected Variance	Carry Forwards 2003/04 Requested
Adult Care Services	176,278	0	(2,172)	174,106	171,496	(2,610)	1,560
Children, Schools & Families	674,637	0	302	674,939	681,325	6,386	141
<b>Community Services</b>							
Libraries, HALS, Arts & Trading Standards	21,150	90	299	21,539	21,289	(250)	250
Fire	33,247	0	428	33,675	33,715	40	
Registration	720	18	0	738	673	(65)	65
Coroners	808	28	1	837	777	(60)	50
Emergency Planning	276	53	0	329	264	(65)	53
<b>Total Community Services</b>	<b>56,201</b>	<b>189</b>	<b>728</b>	<b>57,118</b>	<b>56,718</b>	<b>(400)</b>	
Information Technology	593	466	32	1,091	346	(745)	652
Corporate Services	11,917	346	(604)	11,659	10,795	(864)	724
Environment	95,816	220	4,196	100,232	100,622	390	
Magistrates Courts (net)	2,051	24	80	2,155	2,155	0	
Contingency	2,372	0	(647)	1,725	1,725	0	
Special Provision	5,300		1,914	7,214	7,214	0	
Precepts	7,501			7,501	7,501	0	
Central Services	17,684		(642)	17,042	17,698	656	
Capital Charges non operational assets	5,461		0	5,461	5,461	0	
Unapportioned Central Overheads	3,327		(73)	3,254	3,254	0	
Asset Management Revenue Account	(102,021)		(3,114)	(105,135)	(105,135)	0	
<b>NET REVENUE BUDGET</b>	<b>957,117</b>	<b>1,245</b>	<b>(0)</b>	<b>958,362</b>	<b>961,175</b>	<b>2,813</b>	<b>3,495</b>
Funded from Capital Resources				0		0	
<b>COUNTY FUND TOTAL</b>	<b>957,117</b>	<b>1,245</b>	<b>(0)</b>	<b>958,362</b>	<b>961,175</b>	<b>2,813</b>	<b>3,495</b>

## APPENDIX B

## CAPITAL BUDGET MONITOR AS AT 28 FEBRUARY 2004

SERVICE	Original Budget 2003/04	Adjustments & Virements (approved & requested)	Previous Year Slippage	Latest Budget 2003/04	Projected Spend at Year End	Projected Year End Variance
	£000	£000	£000	£000	£000	£000
<b>CHILDREN, SCHOOLS &amp; FAMILIES (CSF)</b>						
General Funded	5,900	0	1,788	7,688	6,856	(832)
Externally Funded	36,590	3,965	1,253	41,808	34,288	(7,520)
Self Financing	10,886	0	0	10,886	10,886	0
Annual Provisions	8,036	100	47	8,183	7,335	(848)
<b>Total CSF</b>	<b>61,412</b>	<b>4,065</b>	<b>3,088</b>	<b>68,565</b>	<b>59,365</b>	<b>(9,200)</b>
<b>ADULT CARE SERVICES</b>						
General Funded	1,178	(112)	1,788	2,854	2,162	(692)
Externally Funded	718	82	8	808	808	0
Self Financing	2,480	968	0	3,448	0	(3,448)
Annual Provisions	659	0	225	884	584	(300)
<b>Total Adult Care Services</b>	<b>5,035</b>	<b>938</b>	<b>2,021</b>	<b>7,994</b>	<b>3,554</b>	<b>(4,440)</b>
<b>Environment</b>						
General Funded	5,836	275	804	6,915	6,615	(300)
Externally Funded	23,518	1,000	669	25,187	25,187	0
Self Financing	875	955	0	1,830	1,830	0
Annual Provisions	1,334	0	0	1,334	1,334	0
<b>Total Environment</b>	<b>31,563</b>	<b>2,230</b>	<b>1,473</b>	<b>35,266</b>	<b>34,966</b>	<b>(300)</b>
<b>Community Services</b>						
County Funded	1,832	10	644	2,486	1,628	(858)
Externally Funded	0	47	0	47	47	10
Self Financing	2,200	0	0	2,200	0	(2,200)
Annual Provisions	659	29	296	984	938	(46)
<b>Total Community Information</b>	<b>4,691</b>	<b>86</b>	<b>940</b>	<b>5,717</b>	<b>2,613</b>	<b>(3,104)</b>
<b>Information Technology</b>						
County Funded	0	164	0	164	47	(117)
Externally Funded	0	562	0	562	562	0
Annual Provisions	0	294	0	294	233	(61)
<b>Total Information Technology</b>	<b>0</b>	<b>1,020</b>	<b>0</b>	<b>1,020</b>	<b>842</b>	<b>(178)</b>
<b>Corporate Services</b>						
County Funded	2,454	554	968	3,976	3,232	(744)
Annual Provisions	1,104	(381)	168	891	652	(239)
<b>Total Corporate Services</b>	<b>3,558</b>	<b>173</b>	<b>1,136</b>	<b>4,867</b>	<b>3,884</b>	<b>(983)</b>
<b>Magistrates Courts</b>						
Externally Funded	0	366	0	366	366	0
<b>TOTAL</b>	<b>106,259</b>	<b>8,878</b>	<b>8,658</b>	<b>123,795</b>	<b>105,590</b>	<b>(18,205)</b>

- underspends shown in brackets