

Report to: **Cabinet**
Date: **15 July 2005**
By: **Deputy Chief Executive and Director of Corporate Resources**
Title of Report: **Budget Monitoring 2005/06**
Purpose of Report: **To provide an update on the 2005/06 budget monitoring position**

RECOMMENDATION

To note the report

1. Financial Appraisal

1.1 The report outlines the actions being taken to keep revenue and capital spending within the resources available and to identify and manage risks. No action is needed at this stage and in many ways it is too early, in monitoring terms, to identify with certainty any significant issues or opportunities. At this time there are no concerns that departments will not come in within budget at the year end but careful monitoring will be required, particularly in those areas which overspent last year (and further complicated by budget disaggregation).

2. Introduction

2.1 Work to disaggregate the budgets of the old departments and to re-establish them on the basis of the new departments is in progress, but cannot be fully completed until the new support service structures are implemented. This report therefore reflects the current position in the council's financial system and is based on the departmental budget and expenditure reports produced at the end of May 2005 (month 2 of the financial year). The revenue commentary in Appendix A separates Children's and Adult's Social Services, future reports will reflect the new departmental arrangements for all areas other than support services until the final disaggregation is complete.

3. Supporting Information

REVENUE

2004/05 Outturn

3.1 The interim outturn for 2004/05 was reported to Cabinet last month as an underspend of £5.4m. Due to some of the usual final adjustments the net underspend has increased marginally to £5.6m. Overall the net underspend on departmental budgets is £2.0m (less than 0.5%) which is considerably closer to the budget than in previous years. The underspends are largely due to timing differences, or allocations to projects which run over more than one financial year and will be carried forward to meet the commitment in 2005/06.

3.2 The final overspend for Adult Social Services was £995,000 and for Children's £679,000 (total £1.7m) and these will be carried forward and repaid in line with the agreed

action plan. The carry forwards will be reflected in the figures of future reports (i.e. the carry forward is not included in Appendix B).

2005/06

3.3 Currently departments are predicting that outturn for the current year will be in line with budgets with only minor over and underspends being reported at this stage (see Appendix B). The only area of risk at this early stage in the year is the continuing increase in Court requirements which is impacting upon the Children and Families budget. An overspend of £75,000 is currently being reported (see Appendix A) and this will need to be carefully managed through compensating savings or the recovery of the overspend to be carried forward from 2004/05 will be at risk. The ongoing disaggregation work many throw up budget issues which will need to be managed within existing resources.

CAPITAL

3.4 The original capital programme approved for 2005/06 provided for gross payments of £63.1m. Added to this figure is a further £307,000 of payments slipped from 2004/05 and £225,000 of new variations approved since April as shown in Appendix C.

3.5 At the end of May the only significant variations identified relate to Education schemes, as detailed in Appendix A. Total reported gross variance at the end of June (excluding schools) is £2.8m.

3.6 Resources are being received in line with expectations.

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