

Report to: **Cabinet**  
Date: **18 October 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**

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## **RECOMMENDATION**

**To note the report and the gradually increasing pressures and risks**

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### **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. It is clear from the commentaries that several departments are under severe budget pressure, and without management action would overspend. At present, with the exception of £360,000 resulting from backdated rating valuations for schools, (which can be treated as a future charge on the 2006/07 school budget as rates are a proper charge on school devolved budgets), it is reported that pressures can be managed, but very careful monitoring will be required, particularly in those areas which overspent last year (and are further complicated by budget disaggregation).

1.2 For the first time this report contains a monitoring report on the Council's 2005/06 Annual Efficiency Statement (AES) which was submitted to ODPM in April 2005.

### **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 almost complete. This report has been compiled on the basis of the new departments, with the exception of some support services costs, which will be on the new basis as soon as this element of the disaggregation exercise is completed. This report is based on the departmental budget and expenditure reports produced at the end of August 2005 (month 5 of the financial year).

### **3. Supporting Information**

#### **REVENUE**

3.1 Departmental commentaries (Appendix A) flag up various areas of significant risk. The respective Directors have put in place plans to contain these, and are therefore projecting little or no variations at the year-end (see Appendix B). As mentioned this will require close monitoring.

## **ANNUAL EFFICIENCY STATEMENT**

3.2 Total savings of £3.7m were included on the AES for 2005/06. Whilst Appendix C shows that some “cashable” savings will not be achieved, the overall target is exceeded by £300,000 due to additional “non-cashable” savings. The detail of this is picked up in the departmental commentaries - Appendix A.

## **CAPITAL**

3.3 The original capital programme approved for 2005/06 provided for gross payments of £63.1m. This figure is further adjusted by £483,000 of payments slipped from 2004/05 and -£1,349,000 of approved changes since April (see Appendix D).

3.4 At the end of August significant variations identified relate to a number of schemes. Details of these are contained within in the departmental commentaries at Appendix A. Total reported gross variance at the end of August (excluding schools) is £8.9m.

3.5 Excluding schools devolved capital, departments predict gross outturn slippage of £7.9m (of which £3.7m relates to Children and £2.5m relates to Transport and Environment). This still requires a number of assumptions to be met. In advance of the mid-term review, for the November Cabinet, I take the view that slippage could rise by a further £3m to £4m.

SEAN NOLAN  
Director of Corporate Resources

Contact Officer: Steve Bostwick, Group Manager, Finance – Tel No. 01273 481821