Agenda Item

Report to: **Cabinet**

Date: **15 November 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 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.

1.2 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 £420,000 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.

1.3 The most significant risk areas are in relation to Adults Social Care and Children's Services. The respective Directors have put in place action plans to offset significant overspend pressures, and predict break-even for the year. This will need to be closely monitored.

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 the new support service structures are implemented in the Children's and Adult Social Care departments.

2.2 This report is based on the departmental budget and expenditure reports produced at the end of September 2005 (month 6 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 for 2005/06. Many of these pressures will continue into 2006/07, and the impact of these is being considered as part of the Reconciling Policy and Resources process.

ANNUAL EFFICIENCY STATEMENT (AES)

3.2 Total savings of £3.7m were included on the AES for 2005/06. Appendix C shows that departments overall are currently forecasting savings of £430,000 in excess of this figure. The detail of this is picked up in the departmental commentaries - Appendix A.

3.3 Following further guidance from the Government, it may be that some of the savings originally shown on the AES will not qualify for inclusion (because they may not be deemed as "efficiency" savings according to Government guidelines). This will not create any difficulties in meeting the overall target, and any such changes will be reflected in future monitoring reports.

CAPITAL

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

3.5 At the end of September significant variations identified relate to Children's Services schemes, the CBOSS project, the Bexhill to Hastings link road and the land compensation scheme within Transport and Environment. Details of these are contained within the departmental commentaries at Appendix A. The total reported gross variance at the end of September (excluding schools) is £8.7m.

3.6 Later on the agenda the various variations will be consolidated in the mid-term review report.

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