



meeting **CABINET**

date **18 APRIL 2007**

agenda item number

## REPORT OF THE CABINET MEMBER FOR FINANCE AND PROPERTY

### REVENUE BUDGET MONITORING 2006/07

#### 1 Purpose

- 1.1 To provide information on the monitoring of the revenue budget for the first 10 months of the year and the estimated impact for the year-end position.

#### 2 Background

- 2.1 All Cabinet Members are provided with information about their portfolio budgets on a regular basis. This information is summarised in quarterly reports to Cabinet.

#### 3 Summary

The summary below shows the major forecast variations by portfolio:

<b>Forecast Under (-) or Over (+) Spending</b>	
	<b>Year End Forecast £m</b>
<b>Portfolios</b>	
Children & Young People	-2.3
Adult Social Care & Health	-2.7
Environment	-0.1
Culture & Regeneration	-
Community Safety & Partnerships	-0.1
Leader	-0.2
Deputy Leader	-0.8
Finance & Property	-
People & Performance	-
<b>Portfolio Underspending</b>	<b>-6.2</b>
<b>Less:</b>	
Predicted for Revised Budget	<b>4.7</b>
<b>Other Items</b>	<b>-0.4</b>
<b>Change from Revised Budget</b>	<b>-1.9</b>

- 3.1 When constructing the 2007/08 Budget, portfolios were able to carry forward underspendings of up to 2% utilising £4 million of the £4.7 million predicted underspend. Underspendings by Portfolios (excluding central items) are now predicted to increase by a further £1.5 million. At the year end 50% of any additional underspendings may also be carried forward.
- 3.2 Whilst there are some variations against portfolios' budget profiles in the first 10 months of the year, it is anticipated that these will be managed within available resources by the year-end. The major variations forecast for the year end are explained below:

#### 4 **Portfolios**

##### 4.1 **Children & Young People**

The predicted underspending of for the Children and Young People Portfolio has risen by around £0.8 million since the Revised Budget to £2,312,000. The underspending results from:

- a) Vacancy savings across the portfolio
- b) Taking opportunities to maximise General Sure Start Grant

##### 4.2 **Adult Social Care and Health**

The predicted underspending for Adult Social Care and Health has risen by around £0.6 million since the Revised Budget. The anticipated underspending arises from continued difficulties in filling social work posts and vacancies in the Support Services function partly arising from the current vacancy freeze for such posts.

##### 4.3 **Environment**

A small underspending is predicted for the Environment portfolio, primarily as a result of delays in implementing the Nottinghamshire Integrated Transport Centre.

##### 4.4 **Community Safety and Partnerships**

The predicted underspending on this portfolio is a result of vacancies within Trading Standards.

##### 4.5 **Leader**

The underspending within the Leader's portfolio is primarily a result of reduced demand for Members' training and the resultant travel and subsistence costs.

##### 4.6 **Deputy Leader**

The predicted underspending on the Deputy leader Portfolio has increased by around £0.3 million since the Revised Budget to £779,000. The underspending arises primarily as a result of IT services holding vacancies until new structures have been determined and slippage in the Access to Services programme.

#### 4.7 **Other Portfolios**

The other portfolios are all forecasting that expenditure will be in line with budget at the year-end.

#### 5 **Other Items**

“Other Items” consists primarily of interest and principal payments on cash balances and borrowing together with the contingency and Local Authority Business Growth Incentive (LABGI) grant. The Revised Budget restated these figures, however, a further underspending of £410,000 has now been identified primarily as a result of additional PSA reward Grant having been identified and the final notification of LABGI grant by Central Government.

#### 6 **Direct Services**

The Direct Services are currently expecting to achieve a surplus of £137,000, which will be transferred into their trading reserves.

#### 7 **Impact on County Fund Balances**

The Original Budget anticipated a take of £2.2 million from balances leaving a balance of £10.3 million at 31/3/07.

The Revised Budget indicated that there would be no take from County Fund Balances, leaving them at £12.5 million on 31/3/07, which is over 3% of the non-schools budget. Up to 50% of the additional Portfolio underspendings may be used for carry forwards, leaving £0.78 million plus £0.4 million from central items which would increase predicted County Fund Balances to £13.7 million.

The underspendings identified above will be needed in 2007/08 to help fund issues such as:

- a) The impact of further redundancies resulting from the 2007/08 budget
- b) The outcome of the National Job Evaluation process

#### 8 **Risk Assessment**

Most areas of the budget are showing spending at or below budget with no areas of significant overspending.

The Revised Budget included £1.1 million budget savings for senior management and resources restructuring. These areas have now achieved the savings identified and in addition some underspendings are now expected.

The impact of variations to the Capital Programme and financing will now be minimal as any additional borrowing will not now have any significant impact until 2007/08.

The majority of the contingency has now been earmarked for known items together with a £241,000 contribution to County Fund Balances. An unallocated balance of £176,000 has been left in the contingency which should be sufficient to meet any new unforeseen items before the year end. There is, therefore, a low risk that there will be an additional call on balances by the year end.

In recent years the level of balances has varied between £5.4 million to £8.2 million. Given the level of budget savings required in 2007/08 and the uncertainty regarding the outcome of the National Job Evaluation Process an increased level of County Fund Balances is required.

9      **Statutory and Policy Implications**

This report has been compiled after consideration of implications in respect of finance, equal opportunities, personnel, Crime and Disorder, Human Rights and those using the relevant service. Where such implications are material, they have been described in the text of the report.

9      **Recommendation**

The report be noted.

CLLR CHRIS BARON  
CABINET MEMBER FOR FINANCE AND PROPERTY

Background Papers Available for Inspection

Accounting Tabulations, Internal Management Reports

Legal Services Comments

Director of Resources' Comments (BD 07/03/2007)

The financial implications are as set out in the report.

I:\Finance\Corporate Budgeting\Budget Monitoring\2006-2007\Period 10\Cabinet report.doc