

Report to: CABINET

Date: 13th NOVEMBER 2008

Subject: REVENUE BUDGET MONITORING AND TREASURY
MANAGEMENT REPORT - QUARTER 2

Report of: EXECUTIVE DIRECTOR OF BUSINESS SUPPORT
SERVICES

Contact officer: A.TAYLOR EXT 2243

Purpose / summary: To report progress on budgets against spending to the end of September 2008 and also to review the operation and exercise of delegated Treasury Management powers. This report covers the first six months. In addition the report reviews the credit rating of the organisations with which the Authority can place its surplus funds.

Alternative options considered and reason for selecting the one recommended: No alternatives to reporting. This is essential best practice financial management.

Recommendation / decision: To note the report and the action being taken to contain spending within the agreed budgets where possible. To endorse the deletion of Britannia, Principality and West Bromwich building societies from the Authority's lending list

Key Decision: This report does not involve a key decision.

Risks / Implications:
Financial: The adjusted variation for the first half year shows a favourable position of £6.899m but the prediction is that this will reduce to £2.251m by the end of the financial year. The key elements contributing towards the overall improvement are: Interest earned on balances and underspends on carry forward items such as Brighter Borough and the IT Investment account. These reductions have been partly

Staffing: offset by additional service pressures on Adults and Childrens Social Care budgets.
 Policy: None identified within the report
 Equal Opportunities - Has a Budget Framework
 Diversity Impact Assessment A diversity impact assessment is not necessary at this stage, however, equality and diversity implications have been considered when producing this report.
 Wards affected: All

Property Implications – Does the proposal involve a reduction, addition or change to the Council’s asset base or its occupation?

No

Does this proposal have significant implications for the Council and the local population?

A diversity impact assessment is not necessary at this stage, however, equality and diversity implications have been considered when producing this report.

Does this proposal involve a new policy or procedure or significant changes to an existing policy or procedure?

A diversity impact assessment is not necessary at this stage, however, equality and diversity implications have been considered when producing this report.

Has the Service Director - Borough Solicitor confirmed that the recommendations within this report are lawful and comply with the Council’s Constitution? **Yes**

Has the Service Director - Corporate Services confirmed that any expenditure referred to within this report is consistent with the Council’s budget? **Yes**

Are any of the recommendations within this report contrary to the Policy Framework of the Council? **No**

* delete which applicable

For Cabinet reports only :

Categorisation of the report:	X		X
Discussion leading to a decision		Discussion	
Monitoring	X	Decision	
Sharing for corporate understanding		Information	

Tracking/Process:

	Consultation	Ward Members	Partners
	Business Management Group 18 November 2008		
Panel	Overview & Scrutiny	Cabinet	Council
		13 November 2008	

There are no Background Papers to this Report within the meaning of Section 100D of the Local Government Act 1972.

Proper Officer D J SMITH

Date 30 October 2008

1. Introduction

This is the second budget monitoring statement for the 2008/09 financial year and provides members with the spending position at the end of September 2008 together with a projected position to the year end. The report also includes the latest review of the Treasury Management arrangements for the authority.

Some of the savings that have been identified are attributable to the Support Service Review and the intention is for these to be ring fenced and to form part of the funding towards the planned redeployment of back office resources to frontline services. It is also best practice, under the Use of Resources framework, to identify Gershon cash releasing efficiencies within the reporting process.

2. Background

In line with the required focus on high risk areas, reports on the Adults Services budget have been considered regularly by Cabinet during the year. A summary position up to September has been included in this aggregate report.

A summary of the overall budget monitoring position is included at Appendix A. This is at the highest possible level and has deliberately been structured around the information held on the Council's corporate budget and accounting ledger database (Agresso) to meet best practice requirements.

It should be noted that as some budgets are profiled to the end of the financial year it may only be at this time that potential under/over spends emerge. Therefore any variations in these items will not be reported until the quarter 4 report. In addition there have been difficulties in predicting the exact timing of certain grant payments which are due to be received at the end of a period. The intention is that for future reports these timing differences will be corrected prior to the production of the monitoring information.

Central Support recharges have been actioned and six months charges are included within the figures now reported.

The report now explains any changes made to the Original Estimate and analyses the major variations as set out in Appendix A together with details on the projected outturn position at the year end.

3. Original Budget 2008/09

For audit trail purposes the original budget must be reconciled back to the approved estimates in the published budget booklet. The Original Budget has been adjusted to include carried forward items of £5.699m which were approved by Cabinet on the 21st August 2008.

Members are reminded that the provision for pay awards made in the 2008/09 budget is 2% and an employer's offer of 2.45% would put approximately £0.650m on this year's pay bill. Members will be aware that an on account payment of the Employer's offer will be made to employees before Christmas. This has been agreed as part of the arbitration process for the national negotiations which is currently underway.

4. Performance Indicators

A review is currently underway to assess the most effective use of the new national set of performance indicators in the context of linking them to financial performance. The intention is to create a subset, which also encompasses the Local Area Agreement indicators. This combined subset will provide members with timely and relevant financial and performance information. In line with best practice this subset will be embedded within future monitoring reports.

5. Significant Variation(s) and Projection to year end

5.1) Adults Services Panel (Projected outturn overspend of £1.120m)

The key variance remains the cost of Transition. Growth has been awarded in successive budget settlements, but there still remains some unfunded pressure. Some alternative services are being set up to try to mitigate some of these costs.

The changes to the Continuing Care regulations continue to have an impact. The effect of this is twofold. Firstly, where responsibility transfers to the PCT there is a saving to the Council, and secondly, where this transfer is backdated, the PCT is liable to reimburse the Council for any fees incurred during this period. Additionally, where the clients concerned are covered by the dowry money, an adjustment is made to this so that the PCT do not pay twice for the same clients.

There is a net pressure of £0.135m in staffing costs, which does not include any impact of the pay award over and above the 2% included in the budget. The bulk of this is wage pressures in Learning Disability SAS, offset by vacancies and delays in recruitment across a number of services.

The numbers of people receiving a Direct Payment rather than a traditional service continue to rise. Some of these costs are offset by savings within those traditional services.

Appendix B shows the position across the service as at the end of September 2008.

In summary, the breakdown of the projected £1.120m overspend is as follows :

	£m
Salaries and Agency staff	-0.585
Wages	0.450
Transition	1.300
Care costs/Income	0.210
---- Residential/Day/Domiciliary	0.785
---- Direct Payments	0.300
---- SAS Contracts	-1.320
Continuing Care	0.080
Housing Benefits	0.125
Supporting People Grant	-0.225
Other minor variations	1.120
Total Variation	1.120

The department has instigated a freeze on non-essential expenditure to try to minimise this overspend.

5.2) Children & Young People Panel (Projected outturn overspend of £0.853m)

Social Care

Current monitoring against profiled budget shows a variance to date of £0.119m, with the key variances being £0.519m overspend on Looked After Children, partially offset by underspends elsewhere, notably on pay and car leasing costs.

The out-turn position for the Social Care element of the CYPS budget is estimated to be an overspend of £0.953m. This is made up as follows:

	£000's
Looked After Children	1,173
Staff Savings	-300
Non Staff Slippage - General	-120
Public Law Fees	200
	<hr/>
Total Social Care	953
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Looked After Children

The predicted year end overspend reflected above is made up as follows:

	£000's
Out of Borough Children's Homes	780
Fostering	184
Aftercare	110
Direct Payments	97
Homecare / Adoption	2
	<hr/>
Total LAC	1,173
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Costs have increased significantly since Quarter 1 with regards to the Looked After Children's Budget. This is as a result of an increase in the number of external placements. However work continues in negotiating discounts for many of our placements.

Staff Savings

Although staff savings will accrue, the value is very difficult to predict accurately and assumptions have been taken regarding vacancies, based upon the best available information at this point in time.

Although there is an estimated net underspend on staff salaries of £0.300m, this figure includes an overspend on Children's Homes of £0.280m. A member of the Financial Services Team has been visiting each of the Children's Homes to gain an understanding of this problem.

Public Law Fees

In Spring 2008, the Government consulted on changing the fee structure for care proceedings, which resulted in increased fees to local authorities from 1st May. This was too late to reflect in the 2008/09 budget, but has been raised with the Service Director - Corporate Services Business Support Services as in issue to factor into the current budget process.

Against a total annual budget of £0.274m legal fees of £0.252m have already been incurred. It is likely therefore that the final year end position will be at least a £0.200m overspend.

Education – Non School

The current monitoring position against the profiled budget shows an underspend of £0.163m.

The out-turn position for the non school education element of the CYPS budget is estimated to be the following:

	£000's
Transport and Passenger Assistants	350
Redundancy Costs	-141
Staff Slippage	-194
General Slippage	-115
Total Education Non-School	-100

The estimated overspend on transport reflected above still needs to be confirmed and a detailed cost analysis of the new 2008-2009 routes has yet to be undertaken. In the case of redundancy, if further early retirements or redundancies are agreed between now and the end of the year, then this figure will change.

Summary

Although the best estimate as at 30th September 2008 is an overall year end overspend of £0.853m, this includes £0.200m relating to Public Law Fees. We are taking steps to minimise the overspend on the Looked After Childrens Budget and will take other measures including the best use of external grant resources, to reduce the total level of overspend recorded in this report.

Due to the anticipated budget pressures identified above it is suggested that CYPS revert to providing monthly monitoring information to Cabinet.

5.2.1 Schools Budget

As the Schools Budget is fully grant funded, it has no impact on the General Fund and hence is excluded from the figures in this report. However, there is still a rigorous monitoring process taking place. Individual schools are required to submit termly statements on which they receive feedback, with particular attention being paid to those schools with high levels of balances. Centrally managed elements of the Schools Budget are also subject to monitoring and are currently expected to break even over the course of the year, with any overspend being a call on next year's allocation of Direct Schools Grant (DSG).

5.3) Community Protection Panel (Projected outturn overspend of £0.015m)

5.3.1 Community Protection Panel Significant Variations

Management of vacant posts has in the first half year produced savings on salaries of £0.282m in the Neighbourhood and Regeneration and Protection divisions. However it is anticipated that this will be utilised in part to fund a shortfall in pest control income and a reduction in the charge towards capital schemes. The remainder will be offset against an increase in committed expenditure.

The Council is currently pursuing claims with the Home Office on legacy asylum cases of £0.065m. Notification has recently been received that the claims relating to 2007/08 will be met in full. Therefore it is anticipated that the remaining claims will also be settled.

5.3.2 Housing Revenue Account

Based on expenditure incurred in the first half of the year it is projected that expenditure on responsive repairs will overspend by £0.330m which represents 2% of the total budget. One contributory reason for this additional expenditure is that prior to re-letting void properties, the opportunity has been taken to enhance them to the decency standard required. The level of expenditure on responsive repairs will continue to be closely monitored throughout the remainder of the financial year.

Due to a re-phasing of the High Rise Flat work and receipt from DEFRA of monies owed in lieu of the Ince remediation work, total projected capital expenditure will reduce by £5.1m in 2008/09. This will facilitate a reduction in the revenue contribution to capital and therefore increase the overall projected surplus for 2008/09 by the same amount. This will be utilised to fund programmed work in future years and assist with the new build programme. One of the main factors that could impact on the achievement of the budgeted surplus to be carried forward will be the calculation of the Council's subsidy entitlement. When this was re-calculated for the second advance claim, although our subsidy entitlement increased from the first advance calculation it still represented a reduction of £0.035m from the budgeted amount.

5.4) Environment Panel (Projected outturn overspend of £0.561m)

Street Lighting - The first half of the year has seen increased expenditure due to earlier than anticipated commitments on the works budget, ordinarily this would have been brought in line over the coming months. However the contract for the street lighting energy has increased from November by some 40% and it is estimated that this will result in an overspend of £0.310m for this financial year. Historically the impact of this is incorporated into the year end highway maintenance carry forward, but it is anticipated that this budget will overspend by £0.200m. Any overspend on this budget is carried forward to be deducted from the budget in the following year. The above position will reduce the 2009/10 budget provision by £0.510m.

Parking Services – The first half of the year has seen a reduction in the number of fines issued as a result of signage problems and a fall in income from multi storey car parks resulting in an adverse variation of £0.083m. Measures have also been taken to reduce expenditure by £0.200m by the end of the financial year. However it is anticipated that there will be a shortfall of income of £0.365m by the end of the year producing a net overspend of £0.165m on this activity.

Waste Disposal – The first six months of the financial year has generated an underspend against budget of £0.104m, due in the main to reduced tonnages of civic amenity waste being disposed. The level of civic amenity waste delivered to site to be disposed of is subject to fluctuation throughout the year and so at the moment the projected underspend at year end has been assessed at £0.150m. Negotiations with the contractor WRG are ongoing which may facilitate further savings on the disposal of household waste.

Development Section Planning – The first half of the year has produced underspends on salaries of £0.110m due to the management of vacant posts. This has been offset by a reduction in the fee income for planning applications and building control fees. Given the current climate it is anticipated that this under recovery of fees will continue but will be offset by measures in place to reduce expenditure. A phased rent review will generate additional income of £0.070m from the shops and industrial units contributing to an anticipated favourable variation of £0.050m arising by the end of the year.

5.5) Audit, Governance & Improvement Review Committee (Projected outturn underspend of £4.034m)

The Council's Corporate & Democratic Services, Chief Executive's Department and Business Support Services Department are reported to the Audit, Governance & Improvement Review Committee. The significant variations to these budgets after six months activity are set out below:

Manchester Airport Dividend – due to its uncertainty the 2008/09 budget prudently contained no provision for a dividend payment from the Manchester Airport Group. However a dividend has been declared resulting in the Council receiving £1.300m during the current financial year.

IT Investment Account – expenditure is £0.980m lower than the budget profile after six months activity. This follows the experience of previous years and reflects the difficulty in accurately profiling a budget of this nature. Around £0.700m is expected to remain unspent at the year end and, in accordance with the arrangements previously agreed by Members, will be carried forward.

Central Repairs & Maintenance Fund – after six months activity expenditure is £0.700m less than the budget profile, this follows the experience of previous years and is largely the result of difficulties in accurately profiling a £6 million fund made up of many thousands of small jobs. It is anticipated that by the year end the expenditure incurred will match the available budget.

Reinvestment of Support Services Savings – after six months activity there is an underspend of £0.381m against the provision built into the 2008/09 budget to fund restructuring costs associated with the support services review. This is likely to increase to around £0.500m by the year end. However £0.100m of this projected saving is earmarked to fund the Council's contribution towards the AGMA Collaborative Services initiative.

Brighter Borough – as at 30th September 2008 expenditure on this activity is £0.309m less than the budget profile. Based on the evidence of previous years, It is expected that this will increase to around £0.500m by the year end which will be carried forward in accordance with the arrangements previously agreed by Members.

Business Support Department Salaries – staffing vacancies across the Internal Audit, Accountancy, Benefits, Asset Management and Legal sections of the Department have resulted in a saving of £0.804m during the first six months of 2008/09. This situation has arisen due to a conscious decision not to fill many posts as they become vacant whilst the results of the support services review are being implemented. Some of these savings are likely to be off set by restructuring costs and the remainder will go towards the support services savings target. At this stage It is anticipated that out of a full year Business Support salaries related budget of £23.7 million, around £1.000m will be unspent by the year end.

Land Charges Income – the recent sharp slow down in the housing market has resulted in land charge income being £0.140m less than expected after six months activity. It is very difficult to forecast what the prospects are for the remainder of the year and the situation will be kept under review. However at this stage it is estimated that land charges income is likely to be around £0.250m less than the £0.621m full year budget by the year end.

Gershon Efficiencies – the level of savings outlined above means that the Gershon efficiencies required to be generated by the services contained in the Audit, Governance & Improvement Review Committee budget are on target.

5.6) Regeneration (Projected outturn overspend of £0.440m)

5.6.1 Markets

The first six months of the financial year have proved to be a period of difficult trading for the markets. During this period income was around £0.045m less than anticipated due to higher than anticipated unit vacancies resulting from the current economic uncertainty affecting the retail sector. Having identified this trend, market management have taken steps to reduce expenditure wherever possible however it is still anticipated that net income will be underachieved by £0.040m by the end of the financial year.

5.6.2 Neighbourhood Renewal Fund (NRF) and regeneration funded projects

Members will recall that owing to the Council's Excellent status we had the flexibility to carry forward any underspend from the previous year. Part of the underspend reported (£0.182m) represents the residual balance of the sum carried forward from 2007/08 and it is anticipated that this will be fully spent by the end of the year.

During 2008/09 funding has been agreed under the Working Neighbourhood Project and a revenue budget of £5.903m has been created. Work is ongoing to construct a project plan on the allocation of these resources. Expenditure has only recently begun to be incurred on the above scheme and a significant underspend is shown at the end of quarter 2. It is also anticipated that there will be a significant underspend at the end of the financial year. However under the grant terms and conditions this underspend will be carried forward to meet the future planned commitments.

5.6.3 Leigh Sports Village

The Leigh Sports Village project is now approaching practical completion and issues have arisen between the Council and the developer. These issues were detailed fully to members at Cabinet on the 16th October.

The revenue implications for the Council relate to the set up costs for Leigh Sports Village Ltd and the costs necessarily incurred in the preparation of the stadium. Originally it was envisaged that the stadium would open some months ago and staffing arrangements were put in place at that time. In addition running costs have been higher than anticipated including utility costs and a shortfall of income as the stadium has not opened. It is therefore forecast that a loss of £0.700m will occur by the end of the financial year and it is expected that the additional costs will continue in future years.

The Council has provided initial funding in the form of a start up loan of £0.200m. In addition a carry forward of an underspend of £0.135m was made available. It is therefore anticipated that there will be an additional £0.400m cost to the Council during this financial year. For future years budgetary provision has been identified and included in the Medium Term Forecast reported to Cabinet on the 21st August.

Clearly, the financial implications on the Council need to be carefully monitored and steps taken where possible to recover costs. A further report will be submitted in due course.

5.7) DSOs

The Refuse Collection DSO - returned a deficit of £0.215m during this period against a budgeted surplus of £0.012m resulting in an adverse variation of £0.227m. The 2008/09 budget was adjusted to reflect the savings identified in the Waste Collection Best Value Review. However the projected savings from the removal of the bonus in respect of phased protection has not yet been fully realised. There has also been a delay in the collection service being based upon a locality which would realise further efficiencies. It is anticipated that the year end deficit will be £0.350m against a budgeted surplus of £ 0.035m. The client for the DSO is the waste collection general fund budget and this deficit will ultimately be passed on to the client.

Highways DLO – A deficit of £0.110m is currently being returned when compared to the budgeted surplus. The deficit is in the main as a result of the increasing cost burden on materials such as tarmac. However the charging mechanism is currently being reviewed and it is felt that the DLO should be able to return a break even position by the financial year end. This still represents a shortfall of £0.042m when compared to the budgeted surplus.

Metrofresh - Indications are that the numbers of school meals are consistent with the budget and consequently that the school meals service will break even. There are no significant issues arising in MetroFresh's other areas of business so again, a break even position is expected.

5.8). Capital Charges and Asset Reversals

This area includes capital and notional asset charges which are budget neutral and have no impact upon the bottom line but there are also externally facing budgets contained within this area that relate to the Authority's cashflow.

When the budget was set for 2008/09 a very prudent view of interest rates was taken and it was expected that they would be significantly lower on average than they have turned out to be. Paradoxically the "credit crunch" has resulted in interest rates receivable being higher than base rate as banks have been paying a premium for funds. In addition, the Authority is carrying higher than expected cash balances as a result of the receipt of a number of capital grants in advance of spend, particularly on CYPs schemes such as the Abraham Guest Pathfinder Project. In addition slippage in spending on the revenue budget and capital programme has had the effect of increasing cash balances. The combination of these factors has seen the Authority receive much higher than expected interest receipts.

It is currently expected that interest rates will start to fall in the latter half of the year. However it is currently expected that receipts from interest on cash balances will amount to £2.700m by the end of the year, which is £1.700m in excess of original budget expectations.

6. Treasury Management

General Financial Market Conditions

The bank base rate began the year at 5.25% and has reduced by 0.25% on 10th April, and by 0.50% on the 8th October 2008, resulting in a current rate of 4.50%.

External Investments

	<u>Total Transactions</u>	<u>Value</u>	<u>Investments Outstanding</u>		<u>Increase in Period</u>
			31/3/08	30/9/08	
		£m	£m	£m	£m
Investments	209	668.5	44.7	74.7	30.0

Prudential Indicators

The prudential indicators for the year remain unchanged.

Performance of Investments

The average interest rate obtained on temporary investments is 5.61% which exceeds the published comparative 7 day notice bid rate as per the Financial Times by 0.57%.

Credit Ratings and the “Credit Crunch”

For Members’ information it is felt that it maybe helpful to outline how the “credit crunch” is currently, and will impact on the Authority’s financial position.

From a Treasury Management perspective credit ratings for banks which are contained on the Counter Party List are changing rapidly. Generally banks are being downgraded. The lists provide a guide as to which institutions we lend to - our Counterparty list. Questions are starting to be raised about the reliability and role of these ratings given that Icelandic Banks until recently had relatively good ratings.

Nonetheless on a monthly basis we continue to employ data on credit ratings produced by Fitch to check the status of the organisations on the Authority’s approved investment list. As a result of this the short term rating of Britannia, Principality and West Bromwich building societies have been downgraded and are now below the level required for inclusion on the Authority’s lending list. Members are therefore requested to approve their removal from the list at this time.

In addition, the individual rating for the Bank of Scotland has been downgraded from A/B to B, but this is still within the Authority’s guidelines to remain on the approved lending list.

Our primary objective of capital protection rather than return on investments prompted us to maintain the policy of placing money only with British banks, Building Societies and Public Authorities. This ensures that we are not dependent upon Governments other than the British Government for regulation of banks (or in the current climate their compensation scheme). This policy has obviously seen the Authority avoid the problems being felt by a significant number of others.

Payment of Creditors

The Council is trying in a number of areas to help the local community and businesses as the credit crunch starts to affect the local economy. One initiative which public authorities are signing up to is to pay our creditors within 10 days of invoice receipt wherever possible. There are logistical difficulties with some payments and normal business terms in both the public and the private sector are traditionally 30 days. In these difficult times it is felt that traditional arrangements are not helpful and therefore the Council’s corporate payment of creditors system has now been reprogrammed to a default of no later than 10 day terms for all creditors. In addition all officers involved in the payments process have been contacted and asked to assist in this objective. There will always be difficulties in achieving a turn round time like this but the effort is being made and performance will be monitored.

7. Gershon Efficiencies

Members will recall that the forward looking efficiency statement was reported to Cabinet on the 2 October 2008. It was proposed that efficiency savings of £3.764m would be achieved during 2008/09 which meets with the new criteria. It should be noted that some of the information disclosed in this report can be classified as Gershon efficiencies.

8. Comparison between quarter 1 and quarter 2

The net position reported for quarter 1 highlighted a £1.229m favourable variation. The position now reported for quarter 2 and now stands at £6.899m. The high level summary below shows the change between the two reports.

	Quarter1 £000	Quarter2 £000	Change £000
Adults	93	620	527
CYPS	-461	44	505
Community Protection	33	-403	-436
Environment	-212	601	813
Audit, Governance & Improvement	-1,219	-4,758	-3,539
Regeneration	-251	-2,756	-2,505
DSO	880	353	-527
Capital & Asset Charges	-92	-600	-508
Total	-1,229	-6,899	-5,670

The significant items delivering the more favourable position include; savings on salaries across service divisions within Community Protection due to the management of vacancies. Lower than anticipated spend on the IT Investment Account. Savings on salaries and lower than anticipated restructuring costs on the Business Support Services Department. Working Neighbourhood Fund delays in project launch and interest earned on balances. This improved position is offset by increased costs on Streetlighting, Highway Maintenance and the increased costs in Looked After Children as a result of a significant rise in external placements.

8.1 Predicted variation to the year end

Members will recall that the first quarter budget monitoring identified a favourable saving to year end of £1.315m compared to the £2.251m now reported. The high level summary below shows the change between the two reports.

	Quarter1 £000	Quarter2 £000	Change £000
Adults	915	1,120	205
CYPS	370	853	483
Community Protection	44	15	-29
Environment	150	561	411
Audit, Governance & Improvement	-2,492	-3,934	-1,442
Regeneration	56	440	384
DSO	-8	394	402
Capital and Asset Charges	-350	-1,700	-1,350
Total projected position	-1,315	-2,251	-936

The significant items accounting for the more favourable position now reported are as follows:

Savings on salaries and lower than anticipated restructuring costs in the Business Support Services Department expenditure on the IT Investment Account, savings on the Brighter Borough Initiatives and additional predicted interest earned on balances. These are offset by increased costs on Street Lighting, Highways Maintenance and the increased costs in Looked After Children as a result of a significant rise in external placements.

The forecast of the £2.251m savings against budget includes a number of areas such as Brighter Borough, Highways Maintenance and IT Investment Account where there have been previous Cabinet approvals to automatically carry forward any underspends at the year end. It is currently predicted that these areas will record a £0.690m underspend by the end of the year

9. Balances

As a result of finalising the outturn for 2007/08 the available balances at the 1st April 2008 stand at £25.898m. It should be noted that certain items are earmarked to be funded from balances :-

- £5.699m carry forwards into 2008/09,
- balances to support the 2008/09 Budget strategy of £1.247m and,
- predicted funds required to meet the capital programme deficit as per the quarter 2 report elsewhere on this agenda £0.502m.

After taking into account the above earmarked items plus the predicted underspend as shown in Appendix A of £2.251m balances as at 31st March 2009 are forecast to be £20.701m. The overall level of balances will of course be considered as part of the Medium Term Forecast for the next three years.

10. Conclusion and Recommendations

This budget monitoring statement is based on the first 6 months activity for the financial year. Where possible a prediction has been made to identify the position at the year end. Given that this is the second quarter more certainty may be attached to the figures. However as the year develops, further variations or changes in circumstances will arise and these will be reported to Members in future reports.

Recommendation

The Committee is requested to:

- (i) Note the budget monitoring position for the second quarter.
- (ii) Delete Britannia, Principality and West Bromwich building societies from the Authority's lending list.
- (iii) Agree the reintroduction of monthly monitoring for the CYPS budget

Summary Budget Monitoring Statement

APPENDIX A

Budget Monitoring Statement : April - Sept 2008

Panel	Restated Original Budget	Profiled Budget Period 1-6	Total adjusted spend Period 1-6	Variation Period 1-6	Projected Variation to Year End
	£000s	£000s	£000s	£000s	£000s
Adult Services	67,671	26,907	27,527	620	1,120
Children & Young People	54,942	30,259	30,303	44	853
Community Protection	7,621	-17,533	-17,936	-403	15
Environment	41,831	20,260	20,861	601	561
Audit, Governance & Improvement Review	19,647	21,431	16,673	-4,758	-3,934
Regeneration	21,063	12,706	9,950	-2,756	440
Passenger Transport Levy	18,895	9,447	9,447	0	
DSO Surpluses	-195	-159	194	353	394
Capital Charges & Asset Reversals	7,444	9,754	9,154	-600	-1,700
Total	238,919	113,072	106,173	-6,899	-2,251
Original Budget as per Budget Book	233,220				
Approved Carry Forwards	5,699				
	<u>238,919</u>				

Budget Monitoring - Summary

2008-2009

Period..... **DEPARTMENT OF ADULT SERVICES**

Adults Services - Expenditure Analysis	2008/09 Original Budget	Actual to date per AGRESSO	All items not on AGRESSO	Estimated Actual To..date	Budget To..date	Variance To..date
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Employee Costs	30,243	14,533	382	14,915	15,072	-157
Premises Related Expenses	2,998	893	279	1,172	1,120	52
Transport Related Costs	1,334	644	-3	641	616	25
Supplies & Other Expenses	8,126	3,795	-59	3,735	3,285	451
Third Party Payments	56,013	26,722	2,615	29,338	28,636	702
TOTAL CONTROLLABLE EXPENDITURE	98,715	46,588	3,215	49,802	48,729	1,073
TOTAL INCOME	-49,258	-18,956	-643	-19,599	-19,144	-455
TOTAL CONTROLLABLE BUDGET	49,456	27,632	2,572	30,203	29,584	618
Support Services Total	18,256	1,580	12	1,592	1,591	1
Capital Charges Total	3,141	0	0	0	0	0
TOTAL, NON CONTROLLABLE COSTS	21,397	1,580	12	1,592	1,591	1
NET BUDGET	70,853	29,212	2,584	31,795	31,176	620

Adults Services - Divisional Analysis	2008/09 Original Budget	Actual to date per AGRESSO	All items not on AGRESSO	Estimated Actual To..date	Budget To..date	Variance To..date
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
COMMISSIONING BUDGETS						
ELDERLY - FRAIL	14,388	6,087	624	6,711	6,956	-245
ELDERLY - E M I	9,036	4,602	195	4,797	4,724	73
SUB TOTAL, OVER 65	23,423	10,689	819	11,507	11,680	-172
UNDER 65'S - PHYSICAL DISABILITY	5,737	2,901	397	3,298	2,922	375
UNDER65'S - LEARNING DISABILITY	6,439	2,390	910	3,300	2,500	800
UNDER 65'S - MENTAL HEALTH NEEDS	4,817	2,195	106	2,301	2,359	-58
UNDER 65'S - SUBSTANCE ABUSE	149	32	1	33	67	-34
SUB TOTAL, UNDER 65	17,143	7,518	1,414	8,932	7,849	1,083
ADULTS COMMISSIONING	40,566	18,207	2,233	20,439	19,529	910
PROVIDER DIVISION						
ELDERLY	968	392	39	430	444	-14
PHYSICAL DISABILITY	1,028	482	16	498	477	21
LEARNING DISABILITY	9,260	3,709	258	3,968	4,016	-48
E M I	1,015	489	17	506	476	30
MENTAL HEALTH NEEDS	214	3	16	19	-4	23
HEMOCARE / MEALS / TRANSPORT / MGMT (Holding Accounts)	470	1,563	12	1,574	1,808	-234
METROLITE	157	189	-100	89	65	24
PROVIDER DIVISION	13,112	6,827	257	7,084	7,282	-198
OTHER ADULTS SERVICES IN PROVIDER	-424	76	8	84	99	-15
STRATEGY AND HOLDING ACCOUNTS	-3,798	2,523	74	2,595	2,674	-78
ADULTS TOTAL BUDGET--- CONTROLLABLE	49,456	27,632	2,572	30,203	29,584	620