

ANNEX C

Revenue Budget Monitoring – Quarter 2 2007/08

At the end of the second quarter the monthly budgetary control reports for the General Fund reported a potential overspend of £0.236m. Details of individual variances are outlined in each department's Performance Management Report (PMR).

Departments have, however, identified further potential risks to the budget through emerging issues of £0.774m. The most significant items within this overall figure are:

- Children Looked After – When setting the 2007/08 budget the strategy was to provide for the known and certain costs of existing children. The emerging issue, therefore, represents an increase in both numbers and needs and amounts to £0.250m
- Waste Management (Waste PFI) – The volume of waste is greater than that allowed for in the affordability calculation based on the final contract figure. If volumes continue at this level the potential budget pressure could be up to £0.200m
- Learning Disabilities (Older Carers) – There is a budget risk arising from an increase in the number of learning disability clients, who are currently being cared for by older carers. This is estimated at £0.256m.

These emerging issues, if they materialise, would result in a projected outturn for the year of £1.010m overspend. However, when setting the 2007/08 budget the Council recognised these risks and set aside contingency funds to reduce the potential impact, particularly from demand led services such as Looked After Children and Learning Disabilities clients. At the end of the second quarter £0.510m remained within these contingencies which are available to reduce the overall projected overspend to £0.500m.

The overall position is a significant improvement on the position being reported at the same time last year which was a projected outturn of £1.272m after in year savings of £1.223m had been identified. This is an indication that many of the overspends in 2006/07 have been largely addressed either through the budget build process for 2007/08 or changes to service provision. It is however, imperative that the Council does not overspend its budget at the end of this financial year if it is to avoid any detrimental impact to its medium term financial plans. Departments were, therefore, requested to review their planned expenditure with a view to reducing the total overspend.

The most recent information available suggests that this is beginning to have an impact on the overall position and many of the potential risks associated with the budget have not materialised or have been reduced. In particular:

- The position with regard to Looked After Children has stabilised.
- The waste management tonnages have started to fall and the potential risk has been reduced significantly.

- The number of Learning Disability clients requiring care (or increased care) is less than forecast, significantly reducing the risk to the budget.
- The pay award has been settled at 2.475%, within the 2.5% allowed for in the Council's original budget plans.

These factors mean that the projected overspend of £0.500m is now less than £0.100m and if departments continue to be cautious with their planned expenditure for the remainder of the financial year the Council can be reasonably confident that it will not overspend its budget in 2007/08.