

Report to: **Cabinet**

Date: **11 July 2006**

By: **Deputy Chief Executive & Director of Corporate Resources**

Title of report: **Budget Monitoring 2006/07**

Purpose of report: **To provide an update on the 2006/07 budget monitoring position.**

RECOMMENDATIONS

The Cabinet is recommended to:

- a. endorse the new reporting frequency, format and the additional information contained in the report and note that this approach will be further developed during the year; and**
 - b. note the report and the pressures and risks.**
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1. Financial Appraisal

1.1 This report is in a new, more comprehensive format, containing the latest information on revenue and capital spending, risks and pressures and action being taken to manage budgets. This new format provides revenue information for each department's expenditure and income at service plan level together with a highlight commentary. New information is also provided on savings and on capital (see paragraph 3 and 4 below) and on unit costs and key indicators; it is intended to develop this area in particular over the course of 2006/07.

1.2 At the same time it is proposed to reduce the frequency of these full reports on budget monitoring, and this is the first of five reports scheduled for 2006/07. Departments will, of course, continue to monitor their budgets on a monthly basis and report to me accordingly, and I will, if necessary, report to Cabinet at any time of the financial year if circumstances necessitate this.

1.3 In line with member feedback the opportunity has been taken to bring the way that under and over spends are shown onto a more consistent basis – underspends will now be shown as a positive number and overspends as negative.

1.4 Appendices A and B present summaries of the revenue and capital outturn for 2005/06. All departments are carrying underspends forward into 2006/07 and closing balances are 2.5%. The capital programme was, in net terms, in line with the mid-term review forecast; effort is now concentrating on improving the original programme thereby reducing the changes necessary at mid-term review.

1.5 The draft Statement of Accounts has now been prepared and is ready for audit; it was considered and approved by the Governance Committee at their meeting on 29 June 2006.

2. Revenue Budget

2.1 Appendix C sets out the overall position and more detailed departmental information is contained in Appendix D which shows information at service plan level and includes a departmental commentary. At this stage only minor variations from the budget have been identified, and there are no issues that need to be drawn particularly to the attention of Cabinet.

3. Savings including Annual Efficiency Statement (AES)

3.1 Appendix E sets out the savings for 2006/07. This now includes all savings required as part of the 2005/06 budget (i.e. AES and other). Although there is a slight under-achievement of the non-cashable savings target, this is more than offset by additional cashable savings reported by Adult Social Care and Corporate Resources.

4. Capital Programme

4.1 Appendix F sets out the overall position. Again the format of the report has changed and in addition to the usual summary there is now more detailed departmental information. The individual schemes listed for each department are those where there are significant variations or those of particularly high profile or Member interest.

4.2 At this stage the overall programme is slipping (on a net basis) by almost £1.1m, caused by delays on some Children's Services schemes. Overspends of £366,000 have also been identified on various schemes, in particular on the Children's Department Stafford School scheme, and the departments concerned will need to identify means of funding these additional costs.

5 Conclusion and Reason for Recommendation

5.1 As set out above, the revenue and capital outturn for 2006/07 are both expected to be within the approved budgets, and no further action is needed at present

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