

AGENDA MANAGEMENT SHEET

Name of Committee Cabinet

Date of Committee 02 November 2006

Report Title Projected 2006/07 Revenue Outturn

Summary The report summarises the projected revenue outturn as at the end of quarter 2 (April to September 2006). It highlights the main reasons for any variations from the approved budget for each service and the projected reserves position at the year-end.

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Would the recommended decision be contrary to the Budget and Policy Framework? No.

Background papers Projected spend and budget monitoring papers held by individual directorates.

CONSULTATION ALREADY UNDERTAKEN:- Details to be specified

- Other Committees
- Other Elected Members Cllr Tandy and Cllr Roodhouse - for information
- Cabinet Member Cllr Farnell and Cllr Cockburn
- Chief Executive Jim Graham, Chief Executive – for information
- Legal David Carter - for information
- Finance Dave Clarke - reporting officer
- Other Chief Officers The relevant Strategic Director has prepared comments in individual appendices
- District Councils
- Health Authority
- Police

Other Bodies/Individuals

FINAL DECISION NO

SUGGESTED NEXT STEPS:

Details to be specified

Further consideration by this Committee A further quarterly monitoring report is planned for February 2007 and the Final Service Outturn will be reported in June 2007.

To Council

To Cabinet

To an O & S Committee

To an Area Committee

Further Consultation

Agenda No

Cabinet - 02 November 2006

Projected 2006/07 Revenue Outturn

Report of the Strategic Director of Resources

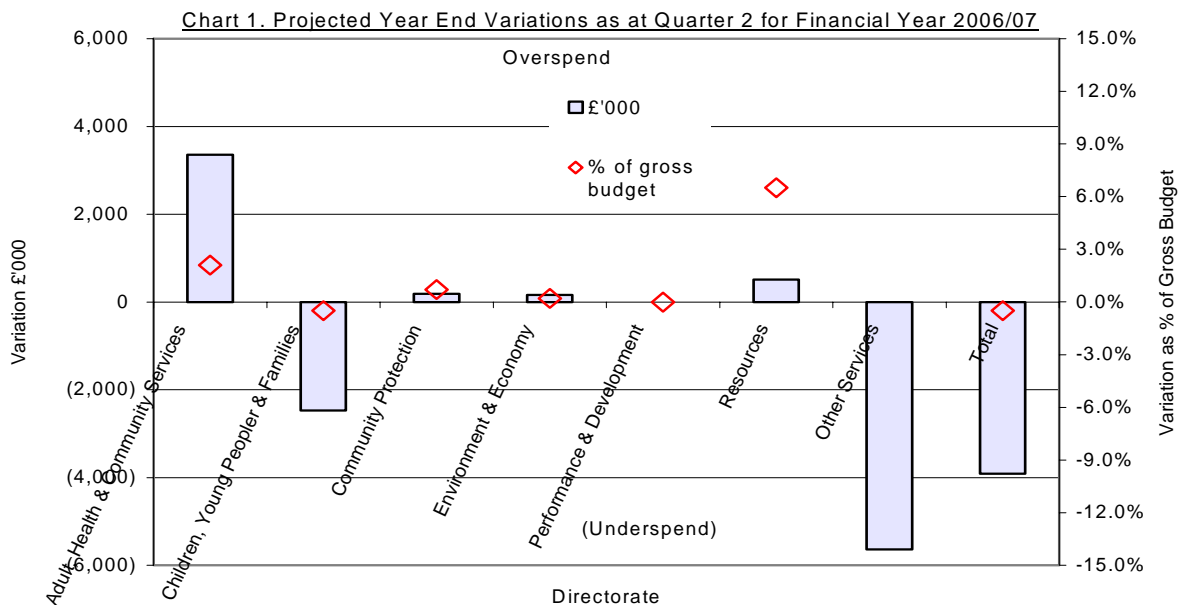
Recommendation

It is recommended that Cabinet:

- Notes the projected 2006/07 revenue outturn position and the projected reserves at year-end, and requests Directorates to take appropriate management action to try to ensure that spending remains within budget.

1 Introduction

- 1.1 The purpose of this report is to inform Members of the projected outturn for 2006/07 based on the information known at the end of the second quarter.
- 1.2 At this stage the estimated 2006/07 underspend is £3,910,000. Chart 1 below shows the predicted over/underspend for each directorate compared to the current budget, and the projected variation as a proportion of the gross budget of the Directorate, together with the authority's total position. As further information becomes available and new issues develop, these projections will be refined and presented in subsequent quarterly reports.



Note: Other Services projected variation to gross budget of minus 18%, due to their current underspends, are outside the scale of this chart.

2 Spending Compared With Estimates

2.1 Table 1 below shows a summary of the projected year-end position of each Directorate, and a reconciliation back to the adjusted budget approved by Cabinet in April 2006.

Table 1: Summary of Projected Variations

Appendix No.	Service	Adjusted 2006/07 Original Budget (see note 1 below) £'000	Approved Revisions (see note 2) £'000	Current Budget £'000	Projected Overspend/ (Underspend) £'000
A	Adult, Health & Community Services	106,887	(96)	106,791	3,355
B	Children, Young People & Families	127,906	2,416	130,322	(2,474)
C	Community Protection	23,695	772	24,467	182
D	Environment &	55,347	445	55,792	159
E	Performance & Development	5,142	1,627	6,769	0
F	Resources	4,435	(23)	4,412	506
G	Other Services	30,112	(813)	29,299	(5,638)
	Total	353,524	4,328	357,852	(3,910)

Note 1 – Since the original budget was set at Council in February 2006, the Strategic Director, Resources has approved a number of tidying-up adjustments following the restructuring of the authority and these were reported to Cabinet on 6 April 2006. These changes are reflected in the adjusted 2006/07 original budget column in the table above and have a nil effect on the bottom-line.
 Note 2 - The savings from restructuring reported to Cabinet on 7 September 2006 have been included in the 'approved revisions' column in the table above. These savings have been added to the Modernisation Fund, held in Other Services, and have a nil effect on the bottom-line.

2.2 The current budget is £4,328,000 higher than the adjusted budget reported to Cabinet on 6 April 2006. The main reasons are summarised in Table 2 below.

Table 2. Summary of Revisions to the Adjusted Budget

Description	£'000
Principal repayment to, and new allocation from, the Virtual Bank	260
Use of service reserves carried forward and repayment of overspends in 2005/2006	3,631
Other approved use of/(transfers to) reserves	437
Total	4,328

2.3 The projected variation after allowing for these revisions to the budget is an underspend of £3,910,000. Further details are attached in **Appendices A-G**, in which Directorates highlight the main variations that they are projecting.

- 2.4 Any projected underspends by services form a contribution to their reserves. This money is then available to support spending in future years, subject to the scheme of carry forwards. Plans to use any underspend to finance spending in 2007/08 will be considered as part of the 2007/08 budget process. Where Directorates are projecting an overspend there are two options available to finance this: they may either use accumulated reserves from previous years, or if such reserves are not available, making good the overspend will be first call on the 2007/08 budget. The following commentary highlights the most significant variations.
- 2.5 There are still currently significant underspends forecast in Children, Young People & Families and Other Services, while at the same time there are projected overspends in Adult, Health & Community Services, Community Protection, Environment & Economy and Resources.
- 2.6 The predicted underspend within the Children, Young Persons and Families Directorate has increased from £1,309,000 reported in Quarter 1 to £2,474,000 in Quarter 2. This has occurred mainly in Children's Residential Care and the Standards Fund. The Standards Fund is a variety of grants provided by the DfES to support initiatives to improve the standard of education within schools. In order to tie in with the academic year, 2006/07 Standards Fund resources are provided for a 17 month period running from April 2006 to August 2007. Underspends relate to resources planned to be used between April and August 2007 and there should be no resulting adverse financial or service consequences (see **Appendix B**).
- 2.7 A combination of favourable interest rates, and well performing external fund managers means it is forecast the County Council will receive £3,088,000 more interest than anticipated at the start of the year. Furthermore, lower than anticipated borrowing interest rates are predicted to enable the County Council to incur £2,662,000 less in interest payments to service it's borrowing than projected (see **Appendix G**).
- 2.8 Adult, Health and Community Services predicted overspend has reduced slightly from £3,533,000 to £3,355,000 after management action in 2006/07. The main budget pressures still faced by the Directorate are the difficulties of continuing to commission services for people with disabilities in a high cost market dominated by a few suppliers, along side the need to increase the size of the support team in order to respond to adverse reviews. A detailed report on these problems is being prepared and will be taken to a special Cabinet on 20th October (see **Appendix A**).
- 2.9 In the Resources Directorate, there is still a forecast trading shortfall of £506,000 for the County Catering Business Unit. This is largely due to the reduction in meal numbers following the Jamie Oliver adverse publicity campaign. New menus have been introduced to promote healthier eating in our schools, and the shortfall is now slightly less than the £538,000 previously reported in Quarter 1 (see **Appendix F**).

3 Reserves

- 3.1 In the 2005/06 Final Revenue Outturn report to Cabinet on 27 June 2006 our reserves were predicted to be £37,253,000 as at 1 April 2006. It is now projected that our reserves at 31 March 2007 will be £32,958,000. Details are shown in Table 3 below.

Table 3: Reserves Projection

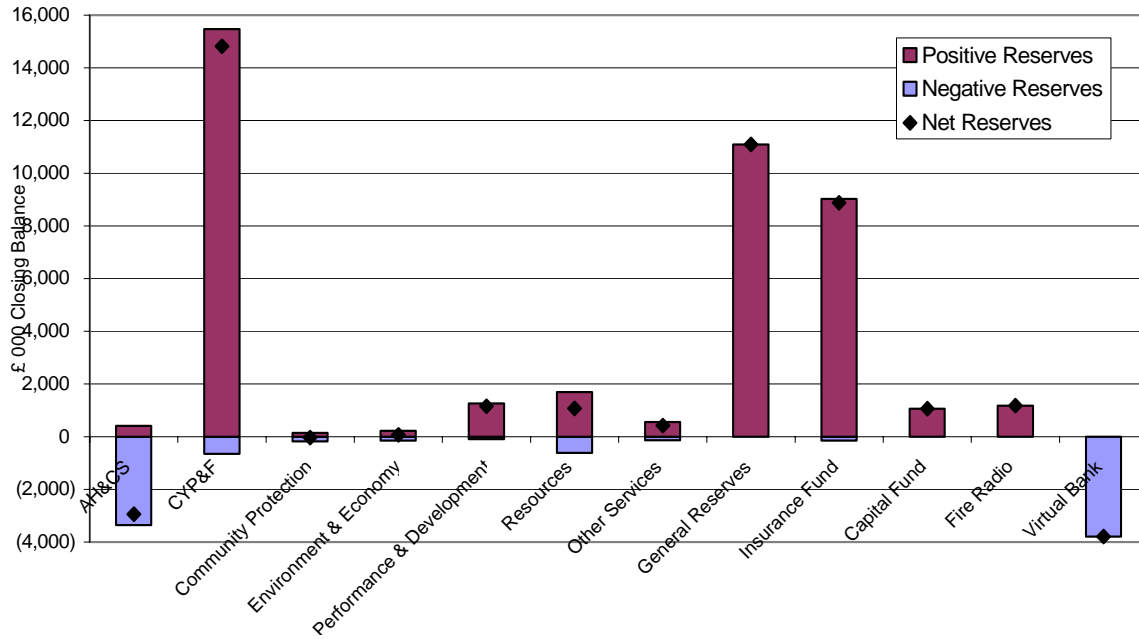
Reserve	In-hand / (overdrawn) 1/4/2006 £'000	Planned contribution/ (use) in 2006/07 £'000	Additional contribution/ (use) requested £'000	Effect of Projected Variation £'000	Estimated In- hand/ (overdrawn) 31/3/2007 £'000
General Reserves (note1)	7,686	(2,168)		5,574	11,092
Capital Fund (note 2)	1,329	(269)			1,060
Earmarked - Schools	10,667			1,380	12,047
Earmarked - Non Schools	17,571	(5,768)		(3,044)	8,759
Total	37,253	(8,205)	0	3,910	32,958

Note 1 – The above General Reserves in hand balance as at 1/04/2006 excludes £505,000 for the Landfill Allowances Scheme. Although this amount is currently being treated as part General Reserves with the agreement of our external auditors, it is only a notional amount in 2005/06 accounts rather than real cash that can be used to support any spending at this stage. Therefore, it has been excluded from the General Reserves available to support spending in the above table.

Note 2 – The capital fund is used to help fund capital expenditure as required. Changes were reported separately as part of the capital review to Cabinet in September 2006.

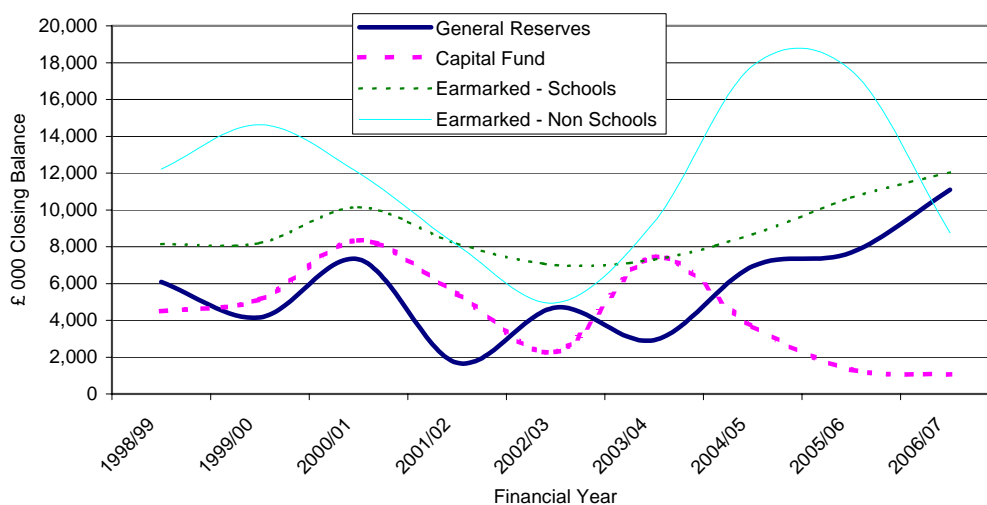
- 3.2 No further drawdowns from or transfers to reserves have been requested by Directorates in their latest quarterly budget monitoring returns.
- 3.3 Reserves are analysed in more detail in **Appendix H**. Overdrawn reserves (except Virtual Bank, Fire Pensions and the Schools IT loan reserves) are a first call on 2007/08 budgets. Meanwhile, any Directorate reserves that are overdrawn in the current year are effectively a temporary call on General Reserves until they are repaid. The projected year-end balances are summarised in Chart 2 overleaf.

Chart 2. Projected Reserves Balances at 31 March 2007



- 3.4 The planned revisions to the reserves position since 1 April 2006, including 2005/06 carry forward use of earmarked reserves, have reduced reserves by 21.7%. The underspend that is currently projected in Quarter 2 will increase reserves by 10.3%, resulting in a net 11.4% reduction since the start of the current financial year.
- 3.5 General reserves are projected to end the year at £11,092,000. This is currently significantly higher than the £5,500,000 level recommended by the Strategic Director, Resources as the minimum adequate level of general reserves. The main reason for the increase is the projected underspend on Other Services, but this may fluctuate as the base rate and inflation levels change during the course of the year. Any reserves available to support the 2007/08 budget will be considered as part of the 2007/08 budget process in the context of long term trends in reserve balances shown in Chart 3.

Chart 3. Long Term Trends in Reserves



4 Movements In Projections

- 4.1 The projected underspend of £3,910,000 at Quarter 2 compares to a projected overspend of £1,843,000 forecast at the end of Quarter 1. Table 4 below summarises the changes.

Table 4: Summary of Changes in Variations from Quarter 1 to Quarter 2

Appendix No.	Service	Quarter 1 Projected Overspend/ (underspend) £'000	Quarter 2 Projected Overspend/ (underspend) £'000	Change (Note 1) £'000
A	Adult, Health & Community Services	3,533	3,355	(178)
B	Children, Young People & Families	(1,309)	(2,474)	(1,165)
C	Community Protection	217	182	(35)
D	Environment & Economy	(92)	159	251
E	Performance & Development	0	0	0
F	Resources	538	506	(32)
G	Other Services	(4,730)	(5,638)	(908)
	Total	(1,843)	(3,910)	(2,067)

Note 1 - A positive number indicates an increasing overspend or a reducing underspend

5 Summary

- 5.1 An underspend of £3,910,000 is currently forecast in 2006/07, which would leave reserves totalling £32,958,000 at the end of the year.

DAVE CLARKE
Strategic Director, Resources

Shire Hall
Warwick

17 October 2006

Adult, Health and Community Services
Summary of Projected Variations 2006/2007 as at Quarter 2

Description	Corporate Objective Number (Please complete)	Revised Budget	Projected Overspend (Underspend)	Reason	Management Action	Projected Overspend (Underspend) after Management Action	Service Consequences
A	B	C	D	E	F	G	H
		£'000	£'000			£'000	
Older people	2	51,790	170	Ext Residential (£523k) Home Care £1,082k, Internal Residential £279k, Other inc. care management (£668k)	See note 1 below	0	See note 1 below
Disability	2	27,289	3,503	Residential £1,492k, Home Care int. & ext. £4,215k, Other inc. care management (£2,204k)	See note 1 below	3,503	See note 1 below
Other Adult Services	2	(3,217)	(823)	Currently some development resources held back	See note 1 below	(700)	See note 1 below
Supporting People	2	0	154	The cost of the SP Team is in excess of the specific grant available	See note 2 below	154	Reduced ability to respond to adverse external review and improve performance indicators
Support services	2	15,179	(15)	A number of overspends and underspends, none exceeding £10k, or 5% of budget.	This will be monitored monthly by SMT and vacancy levels and development needs will be further reviewed in order to bring spending down to help service pressures	(100)	No significant direct service impact
Total Adult Service		91,041	2,989			2,857	
Library & Information	1	10,321	692	The budget has been balanced in previous years by finding one-off savings in the year. These have not been identified in 2006/07 to date and a permanent solution has yet to be found.	See note 1 below	498	See note 1 below
Heritage & Culture	1	2,860	11	Overspend on specific projects	To be met from carry forward underspend	0	No service impact
Total Libraries, Learning and Culture		13,181	703			498	
Trading Standards	4	2,569	0			0	
Total		106,791	3,692			3,355	

General Comments

Note 1. There are significant base problems within Adult, Health & Community Services and a detailed report is being presented to a special cabinet on 20th October to outline the impact on services of bringing spending back in line with available resources.

Note 2. It has been necessary to increase the size of the Support Team in order to respond to adverse reviews. The extra cost is not covered by the specific grant for that purpose and the County Council together with the Supporting People Commissioning Board will need to address how this is to be met. It is vital that our performance in this area is improved as it is an important element of the County Council's overall performance.

Children, Young People and Families
Summary of Projected Variations 2006/2007 as at Quarter 2

Appendix B

Description	Corporate Objective Number (Please complete)	Revised Budget	Projected Overspend (Underspend)	Reason	Management Action	Projected Overspend (Underspend) after Management Action	Service Consequences
A	B	C	D	E	F	G	H
		£'000	£'000			£'000	
Children in Need - Division	2	0	160	Efficiency Savings still to be identified.	By year end the final tranche of efficiency savings will have been identified by the division.	0	Difficulty in meeting the service's objectives and business plan without reducing statutory services budgets.
Children's Residential	2	3,547	(639)	This under-spend reflects lower than expected placements.	Monitored by monthly cost centre management and quarterly FSM meeting and report to DMT.	(639)	None
Educational Social Workers	1,2	1,115	107	This is due to overall referrals to the ESW service increasing by 35% over the last 12 months, and the DFES placing new duties on the ESW service to support an increase in targets for schools within the county	Pressures on the budget are increasing throughout th year, efficiency measures are in place to attempt to limit the overspend to the forecasted amount.	107	The overspend will be met from underspends elsewhere in the directorate.
SEN Administration & Statementing & Review	1	6,561	100	These over-spends are predominantly associated with staffing costs exceeding the budget allocation. £30,000 of the over-spend is associated with new statements.	Efficiency measures are in place to attempt to limit the overspend to the forecasted amount.	100	The overspend will be met from underspends elsewhere in the directorate.
Children's Planning Team & Educational Psychologists	1,2	1,772	180	The Child Planning Team over-spend of £68,000 is associated mainly with higher than expected computer and systems costs. The EPS over-spend is the result of less income than previous years as well as the full year effect of staffing costs	Efficiency measures are in place to attempt to limit the overspend to the forecasted amount.	180	The overspend will be met from underspends elsewhere in the directorate.
Pupil Referral Unit & Education Out of School	1	3,950	527	With new ways of working with Clients by the PRU it is anticipated that there will be a reduced amount of income for this service. There is also a greater than expected demand for statutory Education Out of School.	Efficiency measures are in place to attempt to limit the overspend to the forecasted amount and possibly reduce it.	527	The overspend will be met from underspends elsewhere in the directorate.
Out of County School Placements	1	6,101	316	Greater than expected placements in second quarter.	Management are continuing to carefully monitor this complex and volatile demand led budget.	316	The overspend will be met from underspends elsewhere in the directorate.

Children, Young People and Families
Summary of Projected Variations 2006/2007 as at Quarter 2

Appendix B

Description	Corporate Objective Number (Please complete)	Revised Budget	Projected Overspend (Underspend)	Reason	Management Action	Projected Overspend (Underspend) after Management Action	Service Consequences
A	B	C	D	E	F	G	H
		£'000	£'000			£'000	
Transport	1	11,521	507	£480,000 of this forecasted over-spend is attributable to Post 16 Transport. Increased numbers, cost and delayed policy and pricing decisions are expected to result in this overspend. The remainder of the over-spend is attributable to mainstream transport due to increased contract costs.	Management are continuing to carefully monitor this complex and volatile demand led budget. With trends in transport costs and pupil numbers being monitored and more sophisticated processes for forecasting numbers being developed. Policy & pricing decisions will enable the overspend to be limited to the forecasted figure.	507	The overspend will be met from underspends elsewhere in the directorate's budget.
Intercultural Curriculum Support Service	1	1,103	(120)	This relates to un-spent carry-forward as well as savings within the service in the anticipation of the major service review and implementation.		(120)	
Nursery Education Grant	1	7,319	(339)	The original forecasts were based on all providers being open for 38 weeks per year but in practice this has not been the case, which in turn affects our expenditure.	Management are continuing to carefully monitor this complex and volatile demand led budget.	(339)	None
Revenue Contribution to Capital	6	303	(300)	Due to tighter financial control over capital projects as well as some slippage on projects.	The revenue contribution to capital programme will be monitored and adjustments made in order to maximise the effectiveness of the service as well as to meet the aims of the Asset Management plan.	(300)	None
Pensions	6	3,151	98	On going and one off Pensions costs for both teaching and non-teaching staff are greater than anticipated.		98	The overspend will be met from underspends elsewhere in the directorate's budget.
Efficiencies & Contingencies	6	734	(734)	The Directorate top sliced budgets internally to create a "development fund" for future years. Also contingent budgets and pay and price have not been allocated to over-spend areas but will help to meet any directorate over-spend at year end	Both these efficiency and contingent budgets could be called upon at any moment, but at present this is not anticipated.	(734)	The Directorate will have less of a need to reduce reserves at year end to fund over-spends in other areas.
Other		(143,992)	(105)	A number of overspends and underspends.	Monitored by monthly cost centre management and quarterly FSM meeting and report to DMT.	(105)	Various relatively minor service consequences being managed by the directorate.
Directorate - Non TSF non Schools - Sub Total		(96,815)	(242)			(402)	

Children, Young People and Families
Summary of Projected Variations 2006/2007 as at Quarter 2

Description	Corporate Objective Number (Please complete)	Revised Budget	Projected Overspend (Underspend)	Reason	Management Action	Projected Overspend (Underspend) after Management Action	Service Consequences
A	B	C	D	E	F	G	H
		£'000	£'000			£'000	
TSF - Standards Fund 17 month Grant	1	670	(477)	Under TSF rules these funds can be spent over a 17 month period to August 2007.	It is anticipated that these funds will be totally spent by August 2007 with current spending plans on track.	(477)	None
Directorate - Non Schools		(96,145)	(719)			(879)	
Schools	1	226,467	(1,595)	The predicted underspend on schools' delegated budgets is primarily the result of many minor unplanned under-spends.. This is particularly the case in primary schools.	Active budget management (including 3 year plans) by the schools with support from Education professionals.	(1,595)	None
Total		130,322	(2,314)			(2,474)	

General Comments

It is worthwhile noting that other divisions are only delivering a balanced budget position via substantial efforts. Many budgets are only being forecast to be within budget by the end of the year through the active management of vacancies and other resources. If every post was filled this would exceed the current budget.

Community Protection
Summary of Projected Variations 2006/2007 as at Quarter 2

Description	Corporate Objective Number (Please complete)	Revised Budget	Projected Overspend (Underspend)	Reason	Management Action	Projected Overspend (Underspend) after Management Action	Service Consequences
A	B	C	D	E	F	G	H
		£'000	£'000			£'000	
Unidentified Efficiency Top Slice	4	(144)	144	The Directorate is required to make 2.5% efficiency savings to balance the 2006/07 budget. This was higher than in previous years (1%).	Cabinet have now agreed an efficiency scheme which will enable us to achieve this years required savings of £493k. However the full amount of the savings will not be achieved until 2008/09 and in the current year we will only realise part year savings of £33k. Management have reduced the shortfall to £144k mainly through making one-off efficiency savings, which will need to be replaced in future years.	144	Cabinet have approved our efficiency savings for 2006/07 which will enable us to recoup these losses over the medium term (by 2008/09) and service delivery will not be affected.
Other Minor Variations	4	24,611	38	Various small variances.	Management are currently reviewing these variances to see what action can be taken and to put a rectification plan in place.	38	The Service will ensure that any actions taken will not effect our service delivery.
Total		24,467	182			182	

General Comments

The Department for communities and Local Government implemented new financial arrangements for firefighters pensions with effect from April 2006. At present the Directorate is still trying to gather information on the actions required to implement and administer these new arrangements, this has made it difficult to accurately forecast the expenditure on pensions at Qtr 2. Once these issues have been resolved the Directorate should be in a position to forecast more accurately at Qtr 3.

Environment Economy Directorate
Summary of Projected Variations 2006/2007 as at Quarter 2

Description	Corporate Objective Number (Please complete)	Revised Budget	Projected Overspend (Underspend)	Reason	Management Action	Projected Overspend (Underspend) after Management Action	Service Consequences
A	B	C	D	E	F	G	H
		£'000	£'000			£'000	
Waste Management	3	11,880	(71)	Our expectation on the tonnages disposed of is less than budgeted.	None required.	(71)	None
Planning Policy	5	487	7	Previous years' efficiency savings have been covered by holding vacancies open and reducing running costs including travel costs	Investigate how the savings can be made on an ongoing basis.	7	None
Development Group	3	577	132	Savings target of £55k yet to be identified and £85k on the Districts work.	1 admin post not to be replaced and other operations activities ie training /travel to be reduced. This is a statutory service for highways consultation, minerals and waste planning, and the Group is also a generator of income from S106, S278 and S38 monies from developers for highway works and other departments in the council. It is anticipated that income levels can be increased following the increase in the planning fee and from monitoring of sites.	100	The £85k is the excess cost of Nuneaton and Bedworth and Rugby BC undertaking S38 road adoption work. Long term savings of about £75- 90k would be made if Members agree to bringing this work in- house.
Waste and Environment - Other	3	2,629	10	Minor increases in costs .	The budget will be scrutinised for cost savings and potential income.	0	None
Strategy Support and Organisational Development	3	1,594	(23)	Gypsy and travellers sites have recently been transferred to this directorate . The majority of the rental income is not collectable due to problems on site with some of the residents. This has been offset by savings from holding vacant posts elsewhere in the service.	In the first instance a budget is required to cover these costs . The problem with the residents needs to be resolved to allow the rents to be collected.	(23)	Vacant posts have enabled us to cover the costs of the Gypsy sites and the efficiency savings for this service
Eliot Park Innovation Centre	5	70	52	There is a shortfall in income at the Eliot Park innovation Centre(EPIC) amounting to £52,000 ,	Officers will continue to monitor the costs on EPIC and seek every opportunity to reduce the deficit , including reviewing the existing management arrangements	52	
Skills Tourism and Economy	5	4,269	82	The contributions to the Pride in Camp Hill project (PINCH) are £33,000 higher than expected and this service has been asked to find £86,000 in additional efficiency savings .It should be noted that significant cost reductions have been made to achieve the existing savings target.	Review of staffing levels has been undertaken, potential for increased income and reduction in running and project costs are being investigated.	32	Any further service consequences will be reviewed once the impact of current management action has been assessed, and will be included as part of quarter 3 monitoring.

Environment Economy Directorate
Summary of Projected Variations 2006/2007 as at Quarter 2

Appendix D

Description	Corporate Objective Number (Please complete)	Revised Budget	Projected Overspend (Underspend)	Reason	Management Action	Projected Overspend (Underspend) after Management Action	Service Consequences
A	B	C	D	E	F	G	H
		£'000	£'000			£'000	
Transport Planning	5	2,976	139	This mainly relates to the Bishopton park and ride running costs and reduced income amounting to £113,000. The income target for the Transport Planning service was increased by £50,000 to meet the efficiency savings .This has been partially offset by increased income under the New Roads and Street Works Act (NRASWA).	Review other areas in the division for income which include recharges to capital and the decrim projects.	139	None
Decriminalisation - Virtual Bank	5	705	(277)	Funding for Decriminalisation of parking in the remainder of the county will not be fully committed in 2006/07.	Ensure there are sufficient funds to roll out the project across the County.	(277)	Carry forward to later years
Highways	3	15,333	271	Increased share of savings target £167,000 , plus small increases in administration and depot costs and unbudgeted costs to repair vandalism to winter maintenance equipment.	The potential overspend should be absorbed within budget for the year by cutting back on planned works in the depots savings within the administration budget and additional income.	100	The full efficiency savings target should be found from savings in administration and additional income in a full year but this shortfall represents the part year effect
Other Minor Variations including Capital Financing	6	15,272	100	A number of variations including £48,000 for Legal services	Directorate Leadership team to review areas for saving as a matter of priority. Meeting to discuss Legal Services SLA scheduled for October.	100	
Total		55,792	422			159	

General Comments

Column D identifies that there is a potential overspend of £422,000 and after taking action to improve this position we anticipate an overspend in the region of £159,000 . However we need to carry forward the underspend of £277,000 on the Decriminalisation project so the impact on our reserves will be a deficit of £436,000 (£159,000 plus £277,000 as above in column G) . In order to achieve the savings a number of actions are being made including a reviewing vacant posts , identification of other potential areas of income and areas where efficiencies can be made, and as a final resort a cut back in services. Ongoing savings of £75k to £90k are anticipated in Development Group by bringing in-house services which are currently provided by the Districts under an agency agreement. However, this is dependent on policy decisions by Members.

Performance and Development
Summary of Projected Variations 2006/07 as at Quarter 2

Appendix E

Description	Corporate Objective Number (Please complete)	Revised Budget	Projected Overspend (Underspend)	Reason	Management Action	Projected Overspend (Underspend) after Management Action	Service Consequences
A	B	C	D	E	F	G	H
		£'000	£'000			£'000	
Corporate Human Resources	6	1,463	(32)	This underspend arises from the delay in spend on the management costs for the pay & conditions review.	Review whether costs will be needed to continue the project next year.	0	No service consequences
Customer Service & Access	6	2,777	80	The overspend relates to the Coroner service, with £33k relating to a prior year's debt for post mortem work. The balance of £47k relates to anticipated pressures across the Coroner's service which is demand driven.	Strict monitoring of the anticipated overspend with a view to bringing it down to a manageable level.	0	No service consequences
Improvement & Support Services	6	1,055	(75)	The underspend relates to Judges House; £47k in respect of income relating to 2005/06 but received in 2006/07. The balance of £28k relates to miscellaneous savings and anticipated inflationary increase in Court Service income.	Underspend will be used to offset overspends elsewhere in the directorate.	0	No service consequences
Law & Governance	6	215	118	Part of this overspend relates to the post of Overview and Scrutiny Manager. In addition, Legal Services are forecasting an overspend of approximately £60k.	Funding for the Overview & Scrutiny Manager will be determined during the year pending resolution of Modernisation funding issues. Legal Services will monitor their budgets closely during the remainder of the year to ensure that expenditure and income are in balance.	0	No service consequences
Other budgets	6	1,259	16	Other minor variations.	Overspend will be absorbed within other budgets.	0	No service consequences
Total		6,769	107			0	

General Comments

There are still bids outstanding for Modernisation funding. If these bids are not successful then the forecast outturn will be affected adversely.

Resources Directorate
Summary of Projected Variations 2006/07 as at Quarter 2

Appendix F

Description	Corporate Objective Number (Please complete)	Revised Budget	Projected Overspend (Underspend)	Reason	Management Action	Projected Overspend (Underspend) after Management Action	Service Consequences
A	B	C	D	E	F	G	H
		£'000	£'000			£'000	
County Catering Business Unit	2,6	0	506	Current forecast trading deficit - largely due to unexpected reduction in meal numbers (Jamie Oliver impact)	New menus have been introduced. The impact of these on the take-up of meals, and therefore on the deficit, will gradually become clearer as the autumn term progresses.	506	There will be no service consequences other than the provision of more healthy meals. The deficit will be met from the reserves accumulated by the directorate in earlier years. Meanwhile, ongoing consideration is being given to trying to eliminate the deficit in 2007/2008 and beyond.
Remaining Directorate		4,412	0	The directorate faces a significant challenge to live within its 2006/2007 budget. Cost centre managers are facing up to this challenge with support from finance staff and, at this halfway stage of the year, the forecast is that their net spending will be in line with their budgets.	Each service head in the directorate is taking a keen interest in monitoring the budgets managed by their cost centre managers. Additionally the overall position is considered at meetings of the Resources Management Team.	0	None.
Total		4,412	506			506	

Other Services

Summary of Projected Variations 2006/07 as at Quarter 2

Description	Corporate Objective Number (Please complete)	Revised Budget	Projected Overspend (Underspend)	Reason	Management Action	Projected Overspend (Underspend) after Management Action	Service Consequences
A	B	C	D	E	F	G	H
		£'000	£'000			£'000	
Interest on revenue balances	6	(2,287)	(3,088)	Favourable rates achieved. External fund managers performing well and exceeding targets	Continue to monitor interest rate movements and cash flow	(3,088)	Underspend will impact on general reserves
Capital financing charges	6	26,098	(2,662)	Interest rates better than anticipated	Continue to monitor borrowing rates	(2,662)	Underspend will impact on general reserves
Elections	6	82	(63)	The cost of quadrennial elections are provided for by paying into an earmarked reserve in non-election years	None required	(63)	Any underspend will be added to the earmarked elections reserve which is currently overdrawn by £9k
Other	6	5,406	175	Continued running expenses of Northgate Street offices	Continue to monitor position with regard to on-going use of Northgate Street offices	175	Overspend will impact on general reserves
Total		29,299	(5,638)			(5,638)	

Summary of Projected Reserves Balances

Title of Reserve	In Hand/ (Overdrawn) Closing Balance 31/3/2006	Restructuring adjustments	In Hand/ (Overdrawn) Adjusted Opening Balance 1/4/2006	Approved Transfer to/(Use of) in 2006/2007	Additional Contributions/(Use) Requested	Effect of Quarter 1 forecast	In Hand (Overdrawn) 31/3/2006
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult, Health & Community Services	652		652	(245)		(3,355)	(2,948)
Children, Young People & Families	15,030		15,030	(2,689)		2,474	14,815
Community Protection	972	20	992	(848)		(182)	(38)
Environment & Economy	(53)		(53)	280		(159)	68
Performance & Development	1,232	54	1,286	(127)			1,159
Resources	2,869	(74)	2,795	(1,216)		(506)	1,073
Other Services	478		478			64	542
General Reserves	7,686		7,686	(2,168)		5,574	11,092
Insurance Fund	8,875		8,875				8,875
Capital Fund	1,329		1,329	(269)			1,060
Fire Radio	1,176		1,176				1,176
PIF (Previously Quality & Best Value)	16		16				16
Virtual Bank	(3,473)		(3,473)	(323)			(3,796)
LA Business Growth Incentive (LABGI)	464		464	(600)			(136)
Total	37,253	0	37,253	(8,205)	0	3,910	32,958

Note: The above General Reserves in hand balance as at 1/04/2006 excludes £505,000 for the Landfill Allowances Scheme. Although this amount is currently being treated as part General Reserves with the agreement of our external auditors, it is only a notional amount in 2005/06 accounts rather than real cash that can be used to support any spending at this stage. Therefore, it has been excluded from the General Reserves available to support spending in the above table.