

24 July 2008

Revenue Monitoring – 2007/08 Final Outturn and 2008/09 Forecast Outturn

Ward(s) All

Portfolios: Cllr Zahid Ali and Cllr Mohammed Arif

Summary of report:

This report gives a breakdown of the Directorate's final revenue outturn for 2007/08 and the forecast revenue outturn for 2008/09 including explanations of overspends and risks to the achievement of the forecast.

Background papers:

Various financial working papers.

Reason for scrutiny:

To provide a final report on the 2007/08 revenue outturn (pre-audit) and an update on the 2008/09 financial performance of the Directorate's Services

Resource and legal considerations:

The budgets were set as part of the council's budget setting process in line with the Medium Term Financial Strategy.

Citizen impact:

None directly associated with this report.

Environmental impact:

None directly associated with this report.

Performance management:

Financial performance is considered alongside service targets.


Equality Implications:

None directly associated with this report.

Consultation:

Consultation was undertaken as part of the budget setting process.

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1. Report

1.1 2007/08 Final Outturn

1.1.1 The Directorate achieved a 2007/08 outturn of £0.634m overspend. The breakdown of the overspend across the services is as follows:

	Budget 2007/08 £m	Final Outturn £m	Variance £m	Use of Reserves/ Cfwd's £m	(Under)/ Over £m
Education	7.499	7.606	0.107	(0.082)	0.025
Universal Services	5.707	5.779	0.072	(0.049)	0.023
Specialist Services	26.655	26.733	0.078	(0.011)	0.067
ICT	(0.047)	0.194	0.241	(0.196)	0.045
Procurement	(0.044)	0.077	0.121	(0.073)	0.048
Print & Design	(0.120)	0.306	0.426	0.000	0.426
CIPS Total	39.650	40.695	1.045	(0.411)	0.634

1.1.2 Variance analysis on overspends greater than 10% of budget or £50k gave the following explanations:

Specialist Services – increased placement costs due to increase in number of looked after children towards the end of the financial year.

ICT – reduced level of income received from chargeable services.

Procurement – e-tendering procurement costs incurred which will be offset by savings made in 2008/09.

Print & Design – reduced level of income received. The impact of the options appraisal implementation will not be realised until 2008/09.

1.2 2008/09 Forecast Outturn

1.2.1 The forecast outturn for the Directorate as at 30 June 2008 is £0.182m after the use of reserves/carry forwards and the implementation of action plans. The breakdown of the forecast across the services is as follows:

	Budget 2008/09 £m	Forecast Outturn £m	Variance £m	Use of Reserves/ Cfwd's £m	Action Plan Value £m	(Under)/ Over £m
Education	9.818	10.113	0.295	(0.295)	0.000	0.000
Universal Services	5.572	5.572	0.000	0.000	0.000	0.000
Specialist Services	24.224	24.699	0.475	0.000	(0.300)	0.175
ICT	4.278	4.194	(0.084)	0.084	0.000	0.000
Procurement	(1.632)	(1.632)	0.000	0.000	0.000	0.000
Print & Design	(0.493)	(0.336)	0.157	(0.150)	0.000	0.007
CIPS Total	41.767	42.610	0.843	(0.361)	(0.300)	0.182

1.2.2 The forecast overspend on Specialist Services has arisen due to a policy change by Central Government which has resulted in a significant increase in the charges made for Family Law cases. Notification of this change was only received after completion of the 2008/09 budget setting process. Methods of off-setting this overspend are being investigated.

1.2.3 There are a number of risks to the achievement of the forecast outturn above, namely:

Education – tighter budgets within schools increase the number of redundancies/early retirements made, the cost of which is charged to the council education budget.

Universal Services – Direct Payments is an area which has overspent in previous years. The 2008/09 forecast is a £120k overspend which is currently being mitigated by savings elsewhere within Universal Services. The position will be closely monitored.

Procurement – a challenging savings target of £2m has been applied to this budget. This budgetary saving will be recovered from service area budgets during the year as and when contracts are negotiated and savings demonstrated. The achievement of the savings requires co-operation from within this and other Directorates.

1.3 Next Steps

1.3.1 Action plans and risks will be monitored by the senior management team.