

ANGUS COUNCIL

POLICY AND RESOURCES COMMITTEE

10 December 2002

POLICY LED BUDGETING – MONITORING REPORT PERIOD ENDED
30 September 2002

REPORT BY THE DIRECTOR OF FINANCE

ABSTRACT

The purpose of this report is to apprise members of the progress of the projects approved under the Policy Led Budgeting initiative and to outline the actual spend to 30 September 2002.

1. RECOMMENDATIONS

It is recommended that the Committee:

- a) note the contents of this report and the increased level of General Fund balances due to project underspends which have been carried forward from 2001/02.
- b) note that an underspend is projected for financial year 2002/03 and that these funds may be carried forward into future financial years to meet the outstanding commitments on projects, such carry forward sums being met from General Fund balances.
- c) note that the last report submitted to committee specifically relating to the progress of policy led budgeting projects will cover the period to 31 March 2003.

2. INTRODUCTION

In order that a policy led approach to budgeting could be implemented, the Council agreed to set aside part of the General Fund balances to fund a number of initiatives. The majority of the approved Policy Led Budgeting projects span more than one financial year and so have an impact into future financial years, as any unused funds are carried forward into the next financial year to meet any outstanding commitments on projects.

Policy Led Budgeting commenced in financial year 1998/99 (**Phase 1**) when 15 projects received approval for funding under this initiative (reports 1121/98 and 128/99 refer). Two further phases of Policy Led Budgeting projects have subsequently been approved in 1999/00 (**Phase 2**) and 2000/01 (**Phase 3**) (reports 1097/99 and 727/00 refer). The Balanced Scorecard project (£60k) which was approved for funding under Phase 2 Policy Led Budgeting was subsequently withdrawn (report 724/00 refers) and is now being taken forward using in-house resources.

It should be noted that no further funds were set aside as part of the 2001/02 or 2002/03 budget exercises to allow any further Policy Led Budgeting projects to be commenced. A number of projects approved under this initiative have now been completed and following the success of a number of the projects funded through the initiative, departments sought to continue these projects. As part of the 2001/02 and 2002/03 budget processes, it was agreed that these projects would be granted a continuation of funding and they were added to the mainstream revenue budget. Those projects added to the mainstream revenue budget are no longer considered to be Policy Led Budgeting initiatives and are now being monitored as part of the regular revenue monitoring process.

However, it has been necessary in the case of Investors in People, to reintroduce the project under policy led budgeting because of the significant slippage which occurred on the project when it was part of the mainstream budget.

This report reflects only the position of those Policy Led Budgeting projects which are ongoing.

3. PROGRESS OF PROJECTS

A review was undertaken which detailed the actual expenditure for the period ended 31 March 2002 (report 825/02 refers). A review has now been undertaken for the six month period ended 30 September 2002 and this report details the updated position for all ongoing projects approved under the Policy Led Budgeting initiative.

In addition to obtaining quantitative financial information it was considered important to obtain information on the progress of each project. In order to facilitate this each project manager was asked to provide a brief commentary on the progress of each project.

Approved funding for the 2002/03 financial year for all ongoing projects totals £254,900 with actual expenditure amounting to £26,400 (10%). It should be noted that the general position is that any underspend which may occur on these projects may be carried forward into financial year 2003/04 to meet any outstanding commitments on projects. Conversely any overspend on individual projects must be contained within the relevant departmental budget as no additional funds are available under this initiative. Appendix 1 attached to this report details actual expenditure for the period for all ongoing projects and the full year projected outturn for each of the projects.

In general all ongoing projects are progressing well, however a degree of slippage has been incurred in the current year on some projects. This has been the result of the need to recruit a new Angus Ahead Marketing Officer and the implementation date for Job Evaluation being put back to April 2003. A summary of the commentaries relating to the ongoing projects is provided at Appendix 2.

The projects approved under this initiative are now nearing completion and it is envisaged that only one or two projects will continue into financial year 2003/04. It is therefore no longer considered necessary to prepare monitoring reports specifically relating to projects approved under the Policy Led Budgeting initiative. Consequently, it is recommended that the final monitoring report relating specifically to Policy Led Budgeting projects will cover the period ended 31 March 2003. Thereafter, the financial position of projects approved under this initiative will continue to be monitored as part of the regular revenue monitoring reports.

4. FINANCIAL IMPLICATIONS

Phase 1 projects –

The effect of the revised phasing of project expenditure on Phase 1 projects which are ongoing (approved in 1998/99) is to increase the year five (2002/03) funding still available to £170,100. Actual spend for the period ended 30 September 2002 totals £19,300, a variance of some £150,800 compared with the approved funding. The full year projected outturn shows a projected underspend of £66,400 which may be carried forward into financial year 2003/04.

Phase 2 projects –

All projects approved under Phase 2 are now complete or have been added to the mainstream budget, therefore these projects are no longer included in this monitoring report.

Phase 3 projects-

Funding was set aside within General Fund balances as part of the 2000/01 budget process to meet expenditure on projects approved under Phase 3 of the Policy Led Budgeting initiative. Actual expenditure for the period ended 30 September 2002 on these projects totals £7,100 against a budget of £84,800 (8%) leaving an underspend of some £77,700. The full year projected underspend is estimated as £59,800 and this may be carried forward into future financial years to meet outstanding commitments on these projects.

Summary-

Actual expenditure for the period to 30 September 2002 on all ongoing projects under Phases 1 and 3 totals £26,400, which indicates a variance of some £228,500 compared with the estimated phasing of approved funding of £254,900. The projected full year expenditure on PLB projects in 2002/03 is £128,700 and underspend of £126,200. This underspend may be carried forward into future financial years to meet any outstanding commitments on projects.

5. HUMAN RIGHTS IMPLICATIONS

There are no human rights implications arising directly as a result of this report

6. CONSULTATION

The Chief Executive and the Director of Law & Administration have been consulted in the preparation of this report. In addition, consultation has taken place with the designated individual project managers.

7. CONCLUSION

Expenditure totalling £26,400 has been incurred on these projects to 30 September 2002, which equates to 10% of the revised approved funding all ongoing projects for 2002/03. The full year projected outturn on all projects is £128,700 leaving a projected underspend of some £126,200 which may be carried forward into future financial years either within PLB or departmental budgets to meet outstanding commitments.

The final report relating specifically to projects approved under the Policy Led Budgeting initiative will cover the period ended 31 March 2003.

DAVID S SAWERS
Director of Finance

NOTE: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information), were relied on to any material extent in preparing this report.