

<b>MEETING:</b>	<b>CABINET</b>
<b>MEETING DATE:</b>	<b>31 JULY 2014</b>
<b>TITLE OF REPORT:</b>	<b>BUDGET MONITORING REPORT – MAY 2014</b>
<b>REPORT BY:</b>	<b>CHIEF FINANCIAL OFFICER</b>

## **Classification**

Open

## **Key Decision**

This is not a key decision

## **Wards Affected**

County-wide

## **Purpose**

To provide Cabinet with an updated position on the projected outturn for 2014/15 and to approve the centralisation of certain budgets via a budget virement to improve budgetary control.

## **Recommendation(s)**

**THAT:**

- (a) Cabinet notes the council is projected to spend within its budget for this financial year;**
- (b) Cabinet notes the capital and treasury projected outturns; and**
- (c) Cabinet agrees the virement of 14/15 budgets, including £7m of budgets from services to centralised area to improve budgetary control and improve value for money**

## **Alternative Options**

- 1 There are no alternative options

## **Reasons for Recommendations**

- 2 The forecast outturn for the year, based on spend to the end of May 2014, is a break-even position.

## Key Considerations

### Revenue Outturn

- 3 This report sets out the forecast outturn position based on information as at the end of May 2014. Although early in the year current information indicates minor variances in directorate budgets it is anticipated that in the main these will be mitigated during the year and that the council is on target to spend within its approved budget.

Directorate	Budget Exp.	Budget (income)	Net budget	May Forecast Outturn	Projected Over/ (under) spend
	£000	£000	£000	£000	£000
Adults and Wellbeing	77,730	(22,807)	54,923	55,173	250
Children's Wellbeing	43,420	(22,178)	21,242	21,362	120
Economy, Communities & Corporate	124,464	(71,399)	53,065	53,155	90
<b>Directorate total</b>	<b>245,614</b>	<b>(116,384)</b>	<b>129,230</b>	<b>129,690</b>	<b>460</b>
Treasury management	16,060	(180)	15,880	15,360	(520)
Other budgets and reserves	7,459	(6,434)	1,025	1,025	0
<b>Total</b>	<b>269,133</b>	<b>(122,998)</b>	<b>146,135</b>	<b>146,075</b>	<b>(60)</b>

Whilst the current projected position for the year is break even, additional information on each Directorate position is attached as Appendix A

### Capital

- 4 It is forecast that capital spending will be £1m less than budgeted, £84.4m for 2014/15; further detail is provided in Appendix B. Some expenditure, eg the Fastershire Broadband project relates to spend previously forecast in 2013/14. The variance £2m in Children's Wellbeing relates to additional grant awarded following the agreed budget.

### Treasury Management

- 5 The treasury management budget is forecast to underspend by £520k this year as a result of deferring the take up of prudential borrowing and obtaining short term loans at a lower interest rate, further detail is provided in Appendix C.

### Budget virement in relation to centralising corporate budgets

- 6 It has been agreed to centralise the budget for various categories of expenditure,

totalling £7m. The main reasons for this are:

- To facilitate accountability and ensure that Budget Managers are responsible for controllable spend.
- To enable the owner of the centralised budget to manage spend centrally and deliver savings through economies of scale.
- To enable the organisation to understand the true cost of central services and to derive accurate unit costs for various central services.
- Establish corporate budgets before any further efficiency initiatives or spending cuts are agreed.

7 These transfers include centralisation of property, legal, energy, insurance and facilities' budgets. In line with the council's financial procedures, these virements, set out in the table below, require Cabinet approval.

<b>Service</b>	<b>Budget</b>	<b>Virements</b>	<b>Net budget</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Adults Wellbeing	54,933	(10)	54,923
Children's Wellbeing	26,613	(5,371)	21,242
Economy, Communities & Corporate	40,629	11,446	52,075
Chief Executive	6,117	(5,127)	990
Public Health	139	(139)	0
<b>Directorate total</b>	<b>128,431</b>	<b>799</b>	<b>129,230</b>
Treasury management	16,679	(799)	15,880
Other budgets and reserves	1,025	0	1,025
<b>Total</b>	<b>146,135</b>	<b>0</b>	<b>146,135</b>

## Community Impact

8 None

## Equality and Human Rights

9 The recommendations do not have any equality implications

## Financial Implications

10 These are contained within the report.

## Legal Implications

11 The Local Government Finance Act 1988 makes it a legal requirement that the council's expenditure (and proposed expenditure) in each financial year must not exceed the resources (including sums borrowed) available to the authority. If this

principle is likely to be breached, the Chief Financial Officer is under a statutory duty to make a formal report to Members.

## **Risk Management**

- 12 Monthly reporting gives the Chief Finance Officer assurance on the robustness of budget control and monitoring, highlighting key risks and identifying any mitigation to reduce the impact of pressures on the council's overall position

## **Consultees**

- 13 None

## **Appendices**

A Revenue forecast

B Capital Forecast

C Treasury Forecast

## **Background Papers**

- None identified