

BUDGET MONITORING 2008/09

PORTFOLIO RESPONSIBILITY: RESOURCES

CABINET

2 OCTOBER 2008

Wards Affected

County-wide.

Purpose

To report on the Council's performance against revenue and capital budgets as at 31 August 2008 and provide an indication of the estimated outturn for the 2008/09 financial year.

Key Decision

This is not a Key Decision.

Recommendation(s)

THAT:

- i) **the forecast outturn for 2008/09 agreed with Directors based on service and financial performance outlined in this report be noted;**
- ii) **the continuing efforts of all Directors to ensure service targets are met within the approved budget be endorsed; and**
- iii) **an improved forecast of outturn for the 2008/09 financial year be reflected in the next financial monitoring report.**

Reasons

The Council's revenue and capital position is reported to Cabinet every second month. The information provides an indication of the Council's performance against budgets.

Considerations

1. Details of the forecast of revenue and capital outturn for 2008/09 based on service and financial performance information as at 31 August are attached in summary and then further detail is given by directorate.
2. The overall position shows a projected overspend, prior to any management action to reduce it, of £1.671m. This total is 1.2% of the Council's £131.778m net revenue budget (excluding Dedicated Schools Grant).
3. The key areas of concern are the Adult & Community Services Directorate, with a

projected £331k overspend; the Environment & Culture Directorate, with a £566k projected overspend; and the Regeneration Directorate where a £537k overspend is projected; the Deputy Chief Executive Directorate's £170k overspend and Children & Young People's Directorate with a £267k overspend. The Chief Executive has set an expectation that Directorates produce management proposals to bring expenditure back to balance at the end of the financial year.

4. Appendix A includes the detailed revenue budget report. The report indicates the position for the new directorate structure. It is clear that whilst the position is more favourable than at this time the previous year some key factors need to be considered. The 2007/08 final year end position saw an underspend of £591k. This was largely the result of the performance of central budgets including £804k additional interest from our investments; this cannot be guaranteed in 2008/09. As a result directorates must continue to manage their 2008/09 cash limited budgets appropriately especially given the emerging pressures around inflation as we go forward into the next budget setting period.
5. The Council's overall financial performance has a direct bearing on the level of general fund balance at year end as any overspend on the account must be funded. The report at Appendix A indicates that this could reduce to £4.772m by the end of the financial year based on current projections. This is close to recommended level of minimum general reserves of £4.5m.
6. The capital programme budget monitoring is at Appendix B. The overall position is forecast expenditure of £64.3m after allowing for additional grant funding and slippage brought forward. The increase is fully funded and includes all sources of finance including grants.

Financial Implications

These are contained in the report.

Risk Management

Effective financial reports and their follow up are an essential element in the management of risks and the delivery of the Council's and Herefordshire Partnership's priorities.

Alternative Options

None.

Consultees

None.

Appendices

Financial Report for July 2008.

Background Papers

None.