

MEETING:	CABINET
DATE:	18 FEBRUARY 2010
TITLE OF REPORT:	BUDGET MONITORING REPORT 2009/10
PORTFOLIO AREA:	RESOURCES

CLASSIFICATION: Open

Wards Affected

County-wide.

Purpose

To report December's budget monitoring information and provide an indication of estimated outturn for both revenue and capital to 31 March 2010. This includes approval of virements set out in Appendix A which are required to fund service deficits. The report also focuses on treasury management activities in the first nine months of 2009/10.

Key Decision

This is not a Key Decision.

Recommendation

THAT Cabinet:

- a) **note the report and its approach to delivering a balanced outturn position at year end; and**
- b) **approve the transfer of the Winter Maintenance Reserve to Highways to support expenditure incurred as a result of recent bad weather.**

Key Points Summary

- The overall revenue budget position for 2009/10 shows a projected £0.847m overspend. This is approximately 0.6% of the council's £137.7 million revenue budget (excluding Dedicated Schools Grant funding).
- The forecast capital outturn has risen by £2.4m to £83.1m.

Alternative Options

- 1 There are no alternative options.

Further information on the subject of this report is available from
Anne Phillips, Head of Financial Services, on (01432) 383173

Reasons for Recommendations

- 2 To ensure Cabinet is informed of the forecast outturn for 2009/10, and supports actions as necessary to ensure a balanced outturn position is delivered, including use of virements to fund the revenue deficits and reprofiling of capital funding where schemes have slipped into 2010-11.
- 3 To ensure that Cabinet is kept informed of treasury management activities in accordance with CIPFAs recommended best practice.

Introduction and Background

- 4 The Council's revenue and capital position is reported to Cabinet quarterly throughout the year. The information provides an indication of the Council's performance against budgets.
- 5 CIPFA best practice recommends Members are informed of Treasury Management activities on a regular basis; as a result Cabinet will receive an update every quarter.

Key Considerations

- 6 Appendix A includes the detailed revenue budget report. The key areas of concern are Integrated Commissioning Directorate, with a projected £2.7m overspend and the Children and Young People's Directorate, with a £0.6m projected overspend.
- 7 Both directorates have produced recovery plans and Cabinet should note the recovery actions detailed in Appendix A. The delivery of the recovery plan is essential to mitigate the effect of the overspends rolling into in 2010-11.
- 8 The council's overall financial performance has a direct bearing on the level of reserve balance at year end as any overspend on the revenue account must be funded. The report at Appendix A indicates that the use of both the Winter Maintenance and Social Care reserves will be necessary, subject to virement approval, to deliver a balanced outturn.
- 9 The capital programme budget monitoring is provided at Appendix B. The forecast outturn has risen by £2.4m to £83.1m. Where possible use of time limited grants will be maximised before other more flexible resources.
- 10 Appendix C includes the Treasury Management Report. It is anticipated that at the end of the year there will be a small budget deficit on interest, offset by a budget surplus on borrowing in the region of £0.46m. Because of the low return on invested funds, and the limited number of good quality counterparties, it is currently council policy to postpone further borrowing as long as possible and reduce the level of its investments. However, this policy will be kept under review and may change, particularly if Public Works Loan Board rates increase.

Community Impact

- 11 Not applicable.

Financial Implications

- 12 These are contained in the report.

Legal Implications

13 None.

Risk Management

14 Effective financial reports, used to facilitate robust budget monitoring are an essential element in the management of risks and the delivery of the Council's and Herefordshire Partnership's priorities.

Consultees

15 None.

Appendices

- Appendix A – Revenue Budget Monitoring
- Appendix B – Capital
- Appendix C – Treasury Management

Background Papers

- None identified.