

MEETING:	CABINET
DATE:	28 JULY 2011
TITLE OF REPORT:	BUDGET MONITORING REPORT 2011/12
PORTFOLIO AREA:	CORPORATE SERVICES AND EDUCATION

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To report the forecast financial position for both revenue and capital to 31st May 2011 and provide an update on Directorates' recovery plans instigated to address projected overspends.

Key Decision

This is not a Key Decision.

Recommendation(s)

THAT:

- (a) **Cabinet note the report and the forecast deficit position of £2.67 million; and**
- (b) **Cabinet note the Chief Executive's requirement that Directors deliver recovery plans to ensure a balanced revenue budget.**

Key Points Summary

- As at 31st May 2011 the overall revenue budget position for 2011/12 shows a projected £2.67m overspend. This is approximately 1.8% of the council's £146.3m revenue budget (excluding Dedicated Schools Grant funding).

Considerations

1. Appendix A includes the detailed revenue budget monitoring report. The key area of concern continues to be the People's Services Directorate, with a projected £3m overspend.
2. The major area of overspend within People's Services is commissioning of adult

services, where there is an underlying overspend position and continuing demographic pressures. A recovery plan is in place aimed at balancing the budget over a 2 year period.

3. The council's overall financial performance has a direct bearing on the level of reserves balance at year end, as any overspend on the revenue account would be funded from this source.
4. The overall revenue position is mitigated by savings on borrowing, partly due to slippage in the capital programme and timing of borrowing in the year.
5. Appendix B includes the position on the capital programme for 2011/12, which is a forecast out-turn spend of £53.9m.
6. Appendix C sets out the treasury management position, which currently shows a projected under-spend of £450k.

Community Impact

7. Not applicable.

Financial Implications

8. These are contained in the report.

Risk Management

9. 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.

Legal Implications

10. None.

Alternative Options

- There are no Alternative Options.

Appendices

Appendix A – Revenue Budget Monitoring

Appendix B – Capital Monitoring

Appendix C – Treasury Management