

MEETING:	CABINET
DATE:	20 OCTOBER 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 31 August 2011 and provide an update on Directorates' recovery plans IN PLACE to address projected overspends.

Recommendation(s)

THAT:

- (a) **Cabinet note the report and the forecast deficit position of £2.75 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 31 August 2011 the overall revenue budget position for 2011/12 shows a projected £2.75m overspend. This is approximately 1.9% 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 £3.4m overspend. The position was a projected £3.0m overspend in July.
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 detailed 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 continues to be mitigated by savings on borrowing, partly due to slippage in the capital programme and timing of borrowing in the year. This is playing a key part supporting the overall position.
5. Appendix B includes the position on the capital programme for 2011/12, which is a forecast out-turn spend of £57.3.
6. Appendix C sets out the treasury management position, which currently shows a projected under-spend of £600k.

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