

MEETING:	CABINET
DATE:	17 JANUARY 2013
TITLE OF REPORT:	BUDGET MONITORING REPORT 2012/13
REPORT BY:	CHIEF OFFICER FINANCE & COMMERCIAL

1. Classification

Open

2. Key Decision

This is not a key decision

3. Wards Affected

County-wide

4. Purpose

To report the financial position for both Revenue and Capital to 30th November 2012. The Treasury Management position is also included.

5. Recommendation(s)

THAT:

- (a) the report and the forecast position be noted;**
- (b) it be noted the Leadership Team undertake to deliver a further level of savings for 2012/13 with the objective of achieving a balanced budget; and**
- (c) the Treasury Management report at Appendix C to the report be noted.**

6. Key Points Summary

- As at 30 November 2012 the overall budget position showed a projected overspend of £3.7m by the end of the financial year, as shown in Appendix A. This is approximately 2.6% of the council's £143.4m revenue budget (excluding Dedicated Schools Grant funding).
- The Leadership Team are implementing a recovery plan and have undertaken to deliver a further level of savings for 2012/13 with the aim of achieving a balanced budget by year end. Details of actions taken by Directorates are included in Appendix A.
- The general reserve balance as at 31st March 2012 was £6.1m. Any overspend on the

revenue account at the year-end would have to be met largely from this reserve.

- At 1 April 2012 the council held £13.5m of earmarked reserves, which are detailed in Appendix A. The specific nature of those reserves means that some are not available for reclassification as general reserves, for example the balance held for schools. However, the requirement for other reserves is being reviewed as part of the recovery plan.
- Under the current medium term plan, any use of reserves would need to be “paid back” as part of the 2013/14 budget.
- In addition to the revenue overview the forecast outturn spend on capital schemes is £42.1m compared to the original budget of £44m. Further details are attached in Appendix B.
- The overall position is mitigated by projected savings on borrowing and investments (£360k net).

7. Alternative Options

7.1 There are no Alternative Options as this report is for information purposes.

8. Reasons for Recommendations

8.1 To keep Cabinet informed about the projected revenue and capital out-turn position for 2012/13 including Treasury Management activities.

9. Introduction and Background

9.1 Cabinet receives regular budget monitoring reports. The last report was presented to Cabinet on 18 October 2012, which included the revenue and capital projected out-turn as at September 2012.

10. Key Considerations

10.1 The detailed revenue budget monitoring report at Appendix A shows a projected overspend of £3.7 million by the end of the financial year 2012/13. This is approximately 2.6% of the council's £143.4m revenue budget (excluding Dedicated Schools Grant funding).

10.2 The 2012/13 budget reflects the overall savings of £10.8m required to meet the reduced funding levels from central government and budget pressures, particularly on Adult Social Care budgets.

10.3 The Leadership Team are implementing a recovery plan including actions such as the lock-down of discretionary spend, use of unspent grants, review of reserves, use of agency staff and vacancy management. Further details of actions taken by Directorates are included in Appendix A. The Leadership Team have undertaken to deliver a further level of savings for 2012/13.

10.4 The People's Directorate is currently projecting a £6.3m overspend. This includes a projected overspend of £7.8m on the Adult Social Care commissioning budget. The Directorate's overall position is assisted by savings within Children's Services where significant reductions in residential and agency placements have been identified.

- 10.5 The Places & Communities Directorate is currently showing an underspend of £663k for the year. The improved position since last reported to Cabinet as at end of September 2012 (£178k overspend) reflects the Director's Recovery Plan actions.
- 10.6 The Corporate Services Directorate has reviewed its budgets and put in place actions to deliver a £1m contribution to mitigate the position.
- 10.7 The Treasury Management projected out-turn is an underspend of £450k on borrowing costs partly due to slippage on the capital programme, but mainly through managing borrowing. Investment income is anticipated to underachieve by £90k as investment balances are less than budgeted due to the delay in borrowing, but the savings on borrowings exceed the reduced investment income. Appendix C includes a detailed analysis of Treasury management activities.
- 10.8 Further mitigation is from the £1m revenue contingency agreed as part of the budget.
- 10.9 The general reserve balance as at 31 March 2012 was £6.1m. This amount is above the council's policy of maintaining a minimum of £4.5m of general reserves as a contingency against unforeseen emergencies and events. Any overspend on the revenue account at the year-end would have to be met largely from this reserve.
- 10.10 At 1 April 2012 the council held £13.5m of earmarked reserves, which are detailed in Appendix A. The specific nature of those reserves means that some are not available for reclassification as general reserves, for example the balance held for schools. However, the requirement for other reserves is being reviewed as part of the recovery plan.
- 10.11 In accordance with the current medium term planning assumptions, any use of reserves to balance the 2012/13 budget would need to be repaid as part of the 2013/14 budget.

11. Community Impact

- 11.1 The actions being taken to reduce in year spend are likely to have some impact on the public, including service levels and response times etc. Every effort is being made to keep this to a minimum.

12. Equality and Human Rights

- 12.1 There are no specific implications in the report and recommendations.

13. Financial Implications

- 13.1 These are contained within the report.

14. Legal Implications

- 14.1 None.

15. Risk Management

- 15.1 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 priorities.

16. Consultees

16.1 None

17. Appendices

17.1 Appendix A – Revenue Budget Monitoring

17.2 Appendix B – Capital Monitoring

17.3 Appendix C – Treasury Management

18. Background Papers

18.1 None identified.