

MEETING:	CABINET
DATE:	18 APRIL 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 budgets to 28 February 2013. The Treasury Management position is also included.

5. Recommendation(s)

THAT:

- (a) Cabinet note the report and the forecast position;**
- (b) Note the Treasury Management report at Appendix C.**

6. Key Points Summary

- As at 28 February 2013 the overall revenue budget position showed a projected overspend of £3.5m by the end of the financial year, as shown in Appendix A. This is approximately 2.5% of the council's £143.4m revenue budget. This is an improvement of £398k since the projection in January 2013. Details of spending and actions taken by Directorates are included in Appendix A.
- The general fund reserve balance as at 31 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 will be further reviewed as part of the 2012/13 accounts closedown.

- Under the current medium term financial 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 £38.1m 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 (£776k net).
- This is the last report until the year end position is reported to Cabinet in June 2013.

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 14 March 2013, which included the revenue and capital projected out-turn as at January 2013.

10. Key Considerations

10.1 The projected overspend is £3.5m by the end of the financial year 2012/13. This is approximately 2.5% of the council’s £143.4m revenue budget.

10.2 The main movements from the January projected overspend of £3.9m are shown in the table below;

	£000
Projected out-turn as at January	(3,933)
Additional pressure on Winter maintenance cost	(215)
Reduction in shortfall on Planning income	175
Savings from capitalisation of ICT spend	240
Reduction in Learning Disabilities respite care	250
Reduction in Mental Health (MH) packages (residential & nursing)	142
MH deferred packages	163

MH domiciliary packages	39
Older People (Incl. nursing / reduction residential)	(17)
Increase in Physical Disabilities (dom. care and residential packages)	(39)
Reduce estimate capitalisation in social care	(100)
Redundancy costs	(62)
Other commissioning savings	27
Provide for data protection fine (estimate)	(100)
Increased agency / young offender placements	(63)
Other children's provider savings	21
Environmental health (Leominster leachate key item)	(19)
Investment income	(4)
Centrally held budgets	(40)
Latest projected out-turn	(3,535)

- 10.3 The 2012/13 budget agreed by Council in February 2012 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.
- 10.4 The People's Directorate is currently projecting a £6.5m overspend. This includes a projected overspend of £7.7m on the Adult Social Care budget. The Directorate's overall position is assisted by savings within Children's Services.
- 10.5 The Places & Communities Directorate is projecting an underspend of £147k for the year. Additional costs associated with the bad weather have had a significant impact but this has been partially offset by an improvement in planning income.
- 10.6 Earlier this year the Corporate Services Directorate reviewed its budgets and put in place actions to deliver a £1.2m contribution to mitigate the overall position.
- 10.7 Further details of the Directorate projections are included in Appendix A.
- 10.8 The Treasury Management projected out-turn is an underspend of £850k on borrowing costs largely achieved through delaying taking out PWLB loans by utilising internal reserves and short-term borrowing from other local authorities. It also includes estimated capitalised interest on schemes over 12 months duration. Investment income is anticipated to underachieve by £74k 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.
- 10.9 Further mitigation is from the £1m revenue contingency agreed as part of the budget. This is only available in 2012/13 as it is funded from the Council Tax Freeze Grant.
- 10.10 The general fund 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.

10.11 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 will be further reviewed as part of the closedown of the 2012/13 accounts.

10.12 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 will 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 it is important that regular budget monitoring reports are presented to outline the financial position. This allows mitigating actions to be put in place to protect the council's overall financial standing.

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.