

MEETING:	CABINET
MEETING DATE:	19 SEPTEMBER 2013
TITLE OF REPORT:	BUDGET MONITORING REPORT: JULY 2013
REPORT BY:	CHIEF OFFICER: FINANCE & COMMERCIAL
CABINET PORTFOLIO:	CORPORATE STRATEGY AND FINANCE

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 31 July 2013. The treasury management position is also included.

5 Recommendation(s)

THAT:

- (a) Cabinet notes the projected outturn for 2013/14 and the potential impact of levels of reserves unless the overall revenue position is balanced at year end; and
- (b) Cabinet supports the continuing action to deliver financial savings.

6 Alternative Options

6.1 There are no alternative options.

7 Reasons for Recommendations

7.1 To inform Cabinet about the projected revenue and capital out-turn position for 2013/14 including Treasury Management activities.

8 Key Considerations

8.1 The key points covering the revenue budget performance are covered in Appendix A.

8.2 The table below shows a summary of projected revenue budget out-turn as at the end of July 2013;

AREA	Projected (over)/under £000
People's	(4,366)
Places	181
Corporate	102
Directorates	(4,083)
Treasury management	33
Overall position	(4,050)

- 8.3 At this stage of the financial year a cautious view has been taken about savings delivery. Savings requiring either a Cabinet decision or Cabinet Member decision is are only included when signed off. The status on savings plans are reported in Appendix A.
- 8.4 Given the significant scale of staffing reductions in councils across the country the Government has operated a scheme to capitalise relevant costs and so take pressure off revenue budgets. Government has just issued the rules and procedures for applying for a capitalisation direction in 2013/14, which have changed significantly compared with their first scheme that covered 2011/12. The guidance states that capitalisation is only likely to be agreed where an extremely strong case can be made that the expenditure is applicable for capitalisation. In part this appears because government has decided to reduce the overall amount that councils can capitalise. The threshold has risen and in the latest arrangements councils will only be entitled to capitalise spend above the threshold (£2.29 million for Herefordshire), whereas in 2011/12 they could capitalise the total amount of approved spend as long as it exceeded the threshold. Applications have to be submitted to the Department for Communities and Local Government by 31 October 2013. Herefordshire will make a bid, which would mitigate the overall revenue position if approved. Decisions will be issued in January 2014.
- 8.5 The 2013/14 budget includes a transfer to the general fund reserve of £2 million, bringing the balance to £6.6 million (after meeting the 2012/13 overspend), compared to the council's policy of a minimum level of £4.5 million. The projected position assumes no change to the 2012/13 revenue position as a result of the external audit of accounts.
- 8.6 As at the 31 March 2013 the council held £13.9 million of earmarked reserves, which are detailed below.

	31 Mar 2013
	£000
School balances	(5,535)
Industrial Estates	(431)
Schools Insurance	(497)
Schools sickness	(141)
Members	(40)
Community Centre	(10)
Waste Disposal	(2,407)
Contingent liabilities	(306)
Hereford Futures	(213)
Whitecross school PFI	(339)
Economic Development	(127)
Pool car reserve	(10)
Three Elms Ind. Estate	(241)
Community Equipment	(110)
Community Social Care	(116)
Change management	(142)
Unused Grants cfwd	(3,303)
	(13,968)

8.7 Appendix B includes the position on the capital programme for 2013/14. It shows that the projected capital out-turn is £54.2 million funded from capital grants (£30.7 million), borrowing (£19.7 million) and capital receipts (£3.8 million).

8.8 The Treasury Management position is a projected out-turn of £33k underspend on borrowing and investments. Appendix C includes a detailed analysis.

9 Community Impact

9.1 Not applicable

10 Equality and Human Rights

10.1 The recommendations do not have equality implications

11 Financial Implications

11.1 These are contained within the report

12 Legal Implications

12.1 None

13 Risk Management

13.1 Monthly budget control meetings are chaired by the Chief Officer (Finance and Commercial) to give him assurance on the robustness of budget control and monitoring, to highlight key risks and to identify any mitigation to reduce the impact of pressures on the councils overall position.

13.2 Any overspend at year end would need to be funded from reserves. Should this be required it will put further pressure on the 2014/15 financial position in order to maintain a minimum reserve level under the council's policy.

14 Consultees

14.1 None

15 Appendices

15.1 Appendix A – Revenue Budget Monitoring

Appendix B – Capital Monitoring

Appendix C – Treasury Management

16 Background Papers

16.1 None