

|                         |  |
|-------------------------|--|
| <b>MEETING:</b>         | <b>AUDIT AND GOVERNANCE COMMITTEE</b>          |
| <b>MEETING DATE:</b>    | <b>9 MAY 2014</b>                              |
| <b>TITLE OF REPORT:</b> | <b>BUDGET MONITORING REPORT – JANUARY 2014</b> |
| <b>REPORT BY:</b>       | <b>CHIEF FINANCIAL OFFICER</b>                 |

## **1. Classification**

Open

## **2. Key Decision**

This is not an executive decision

## **3. Wards Affected**

County-wide

## **4. Purpose**

To update the Committee on the financial position to end of January 2014 as reported to Cabinet on 13 March 2014, including the arrangements for future budget monitoring.

## **5. Recommendations**

**THAT: the Audit and Governance Committee note the report and the forecast position.**

## **6. Alternative Options**

6.1 There are no alternative options.

## **7. Reasons for Recommendations**

7.1 To inform the Audit and Governance Committee about the projected out-turn position for 2013/14. The report covers the position reported to Cabinet on 13 March 2014. The forecast outturn for the year, based on spend to the end of January, is a break-even position. The overall position in directorates has remained broadly the same but the forecast position has improved due to two areas:

- The successful bid for a capitalisation direction on one-off expenditure on transformation. The bid has been referred to in previous monitoring reports and the council learnt of its success in January. This has meant that £1m of one-off costs, previously included in the

forecast have now been capitalised.

- The integration of the public health service within the council has led to successful joint working with resultant efficiencies in the public health, adults and childrens wellbeing services. A number of these initiatives, planned for 2014/15, have been accelerated by the Director of Public Health into 2013/14, generating efficiencies of an additional £1m not previously forecast for the current year.

## 8. Key Considerations

- 8.1 This report sets out the forecast out-turn position based on information as at the end of January 2014;

| Service  | Budget Exp.    | Budget (Income)  | Net Budget     | January Forecast Outturn | Projected (Over)/ under spend |
|--|----------------|------------------|----------------|--------------------------|-------------------------------|
|  | £'000          | £'000            | £'000          | £'000                    | £'000                         |
| Adults Wellbeing                               | 70,170         | (15,169)         | 55,001         | 58,001                   | (3,000)                       |
| Children's Wellbeing                           | 43,181         | (14,673)         | 28,508         | 27,813                   | 695                           |
| Economy, Communities and Corporate             | 111,853        | (67,439)         | 44,414         | 44,309                   | 105                           |
| Chief Executive and Organisational Development | 8,033          | (707)            | 7,326          | 7,268                    | 58                            |
| Public Health                                  | 7,941          | (7,753)          | 188            | 188                      | 0                             |
| <b>Total Directorates</b>                      | <b>241,178</b> | <b>(105,741)</b> | <b>135,437</b> | <b>137,579</b>           | <b>(2,142)</b>                |
| Treasury Management                            | 15,239         | (259)            | 14,980         | 14,730                   | 250                           |
| Change management*                             | 1,311          |                  | 1,311          | 311                      | 1,000                         |
| Government grants                              |                | (3,534)          | (3,534)        | (4,634)                  | 1,100                         |
| Contingency                                    | 773            |                  | 773            | 773                      | 0                             |
| Other central budgets                          | 280            | (951)            | (671)          | (436)                    | (235)                         |
| Transfer to general balances                   | 2,000          |                  | 2,000          | 2,000                    | 0                             |
| <b>Total Budget</b>                            | <b>260,781</b> | <b>(110,485)</b> | <b>150,296</b> | <b>150,323</b>           | <b>(27)</b>                   |

\* Change management budget after allocations to directorates

- 8.2 Further details of the directorate figures are shown in Appendix A
- 8.3 As previously reported, the 13/14 budget includes an additional £2m to increase reserve levels, which has now been set aside for unbudgeted costs, including pending court cases.

### Future Budget Monitoring Arrangements

- 8.4 It is proposed that after the January budget monitoring report, there are no further formal

reports for 2013/14 until the out-turn position is reported in July 2014.

### **2014/15 Budget**

8.5 The proposed cycle of reporting to Cabinet for the financial year 2014/15 is set out below;

| <b>Reporting period</b>     | <b>Cabinet meeting</b> |
|-----------------------------|------------------------|
| May 2014                    | July 2014              |
| August 2014                 | October 2014           |
| October 2014                | December 2014          |
| December 2014               | February 2015          |
| March 2015 – Final Position | July 2015              |

8.6 Budgets will continue to be monitored on a monthly basis and in addition to the formal reporting out-lined above it is proposed to produce monthly summaries for cabinet members, subsequently circulated to group leaders and General Overview and Scrutiny Committee. This has the advantage of slicker, more timely reporting as well as reducing the amount of officer time involved in producing reports.

### **Exception Reporting**

8.7 If a significant issue or variance against the budget plan arises then a report will be presented to Cabinet on that specific item.

## **9. Community Impact**

9.1 The budget monitoring report helps the council demonstrate how its resources are being directed to meet corporate priorities.

## **10. Equality and Human Rights**

The recommendations do not have any equality implications

## **11. Financial Implications**

11.1 These are contained within the report.

## **12. Legal Implications**

12.1 The Local Government Finance Act 1988 makes it a legal requirement that the council's expenditure (and proposed expenditure) in each financial year must not exceed the

resources (including sums borrowed) available to the authority. If this principle is likely to be breached, the Chief Financial Officer is under a statutory duty to make a formal report to Members.

### **13. Risk Management**

13.1 Monthly reporting gives the Chief Finance Officer assurance on the robustness of budget control and monitoring, highlighting key risks and identifying any mitigation to reduce the impact of pressures on the council's overall position.

### **14. Consultees**

14.1 None

### **15. Appendices**

15.1 Appendix A – Directorates Budget Monitoring

### **16. Background Papers**

16.1 None identified.