Meeting:	**Audit & Governance Committee**
Meeting date:	**19 March 2015**
Title of report:	**Budget monitoring report – December 2014**
Report by:	**Chief financial officer**

Classification

Open

Key Decision

This is not a key decision.

Wards Affected

County-wide

Purpose

To provide Audit & Governance with an updated position on the projected outturn for 2014/15.

Recommendation(s)

THAT:

(a) Audit & Governance notes the council is projected to spend within its budget for this financial year;

(b) Audit & Governance notes the capital and treasury projected outturns; and

(c) Audit & Governance notes the performance to achieve 2014-15 savings plans;

Alternative options

1 There are no alternative options.

Reasons for recommendations

2 The forecast outturn for the year, based on spend to the end of December 2014, is break-even position.

Further information on the subject of this report is available from
Peter Robinson, chief financial officer on Tel (01432) 383519

Key considerations

Revenue outturn

3 This report sets out the forecast outturn position based on information as at the end of December 2014. Monitoring indicates a marginal improvement to the October position reported to Cabinet 18 December 2014, £658k under-spend. Directorate pressures in Adults have improved by £361k since October, the ECC underspend has reduced by £163k.

Directorate	Budget Exp.	Budget (income)	Net budget	December Forecast Outturn	Projected Over/ (under) Spend
	£000	**£000**	**£000**	**£000**	**£000**
Adults and Wellbeing	78,828	(23,422)	55,406	56,019	613
Children's Wellbeing	43,529	(21,678)	21,864	22,362	498
Economy, Communities & Corporate	125,009	(71,498)	53,511	53,432	(79)
Directorate total	**247,366**	**(116,598)**	**130,781**	**131,813**	**1,032**
Treasury management	16,060	(180)	15,880	15,190	(690)
Other budgets and reserves	6,514	(7,027)	(513)	(1,513)	(1,000)
Total	**269,940**	**(123,805)**	**146,148**	**145,490**	**(658)**

Adults and wellbeing

4 The latest forecast predicts an overspend of £613k at the year-end. This compares to a forecast overspend of £974k that was previously reported to Cabinet.

5 The forecast overspend within adult social care client groups has stabilised despite a significant increase in demand, particularly for nursing care, due to pressures in the hospital system. This has been achieved by proactive management of placements and financial challenge of all new placements as well as high cost existing packages.

6 The client forecast assumes that any further demand pressures will be managed and that new services such as re-ablement and tele-care, fully operational from November, are beginning to have an impact on growth in demand. This continues to be monitored within the operational teams, by AWB panel and by senior management.

Children's wellbeing

7 The current projected overspend is £498k, a marginal increase from October.

8 The cost of agency staff continues to put pressure on the safeguarding budget. The new regional rates are now in place for new agency recruitment, monitoring has started to demonstrate the outcomes of this initiative. Savings arising from the successful recruitment of three permanent social workers and the next cohort of newly qualified social workers will begin to be seen in the last month of the year and in 2015-16. Work is on-going to recruit experienced social workers both from the UK and the EU.

9 The number of agency staff increased in month for children with disabilities, this reflects an accelerated programme to deal with a back log and address the service design, which was planned for 2015-16. This has been mitigated by bringing forward funds from reserves. There has been an increase in the numbers of claims for the 16 plus care leavers grant, due to the rise in the number of young people presenting as homeless. The impact of this on future financial years is being modelled and there is a project within the transformation programme to redesign our model of care.

Economy, communities and corporate

10 The projected underspend for December has reduced to £79k, a change since the October position of £163k.

11 Planning income of £347k from two major developments expected in 2014/15 will now be received in 2015/16. This has been partly mitigated by reductions in staff and other commitments of circa £184k.

12 There are risks on property maintenance budgets which will be managed within the overall directorate budget.

Treasury management

13 The treasury management budget is forecast to underspend by £690k this year as a result of deferring the take up of longer term prudential borrowing and obtaining short term loans at a lower interest rate. The budget includes provision for taking £10m in longer term loans, £5m has been taken at an interest rate of 2.7% during this period, further detail is provided in appendix C.

Other budgets and reserves

14 Earmarked reserves and contingency budgets were set aside for in year pressures. The £2m change management budget is forecast to underspend by £1m due to less than forecast redundancy costs falling due in year. The revenue contingency budget of £700k was allocated for additional grass cutting, Colwall school temporary accommodation and Adults transitions in the October Cabinet report.

15 General reserves are estimated to increase to £8.6m at year end, £4.2m above the minimum balance equivalent to 3% of the net budget requirement (£4.4m). This gives more resilience going into the new financial year where significant budget reductions are planned. A summary of estimated year-end reserves is set out below:

	31 Mar 2014	Transfer in(out) 2014/15	Estimate 31 Mar 2015
	£000	**£000**	**£000**
General reserve	5,053	3,580	8,633
Earmarked			
School balances	6,345	(845)	5,500
Waste Disposal	2,407	(550)	1,857
Risk Mitigation	3,500	(800)	2,700
Business Rate Smoothing	1,000	-	1,000
Other smaller reserves < £1m	4,909	(2,139)	2,770
Severe weather grant	2,120	(2,120)	0
Other unused Grants cfwd	3,662	(1,703)	1,959
Total Reserves	**28,996**	**(4,151)**	**24,419**

Capital

16 It is forecast that capital spending will be £6m higher than originally budgeted, £91m for 2014/15, due to additional grant funding post budget setting.

17 The slippage since the last report is in relation to the re-profiling of budgeted spend into 2015/16, further detail is provided in appendix B.

Community impact

18 None

Equality duty

19 The recommendations do not have any equality implications.

Financial implications

20 These are contained within the report.

Legal implications

21 The chief financial officer has statutory duty (Local Government Finance Act 1988) to report if the expenditure and/or proposed expenditure of the council in a financial year

is likely to exceed resources (including borrowing) available to meet that expenditure. When preparing the report the chief financial officer is under a duty to consult with the monitoring officer (LGHA 1989). After circulation of the report full council must decide if agrees or disagrees with the views contained in the report and decide if any actions are to be taken based on it.

Risk management

22 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.

Consultees

None

Appendices

Appendix A - Revenue forecast

Appendix B - Capital Forecast

Appendix C - Treasury Forecast

Appendix D - Performance of Savings Plans 2014/15

Background papers

- None identified.