

Bath & North East Somerset Council		
MEETING:	Cabinet	
MEETING DATE:	11 <sup>th</sup> October 2017	EXECUTIVE FORWARD PLAN REFERENCE:
		E 2977
TITLE:	Revenue and Capital Budget Monitoring, Cash Limits and Virements – April 2017 to August 2017	
WARD:	All	
AN OPEN PUBLIC ITEM		
<b>List of attachments to this report</b> <b>Appendix 1:</b> Revenue & Capital Monitoring Commentary <b>Appendix 2:</b> Revenue Monitoring Statement: All Council Spending <b>Appendix 3:</b> Capital Monitoring Statement: All Council Spending <b>Appendices 4(i) &amp; 4(ii):</b> Proposed Revenue Virements & Revised Revenue Cash Limits 2017/18 <b>Appendices 5(i) &amp; 5(ii):</b> Capital Virements & Capital Programme by Portfolio 2017/18		

## **1 THE ISSUE**

- 1.1 This report presents the financial monitoring information for the Authority as a whole for the financial year 2017/18 to the end of August 2017.

## **2 RECOMMENDATION**

The Cabinet agrees that:

- 2.1 Strategic Directors should continue to work towards managing within budget in the current year for their respective service areas and develop an action plan of how this will be achieved, including not committing any unnecessary expenditure and stringent budgetary control.
- 2.2 This year's revenue budget position as shown in Appendix 2 is noted.
- 2.3 The actions agreed by Strategic Directors in paragraph 5.4 are noted.
- 2.4 The mitigations that will be required paragraph 5.5, if the overspend cannot be reduced by the end of the financial year, are noted.
- 2.5 The capital expenditure position for the Council in the financial year to the end of August and the year end projections detailed in Appendix 3 of this report are noted.
- 2.6 The revenue virements listed for approval in Appendix 4(i) are agreed.
- 2.7 The changes in the capital programme listed in Appendix 5(i) are noted.

### **3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

3.1 The financial implications are contained within the body of the report.

### **4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL**

4.1 The annual medium term financial planning process allocates resources across services with alignment of these resources towards the Council's corporate priorities. This report monitors how the Council is performing against the financial targets set in February 2017 through the Budget setting process.

### **5 THE REPORT**

5.1 The Budget Management Scheme requires that the Cabinet consider the revenue and capital monitoring position four times per year.

5.2 For revenue budgets which are forecast to be overspent, the Divisional Directors are expected to seek compensating savings to try and bring budgets back to balance.

5.3 Appendix 1 highlights any significant areas of forecast over and under spends in revenue budgets. Appendix 2 outlines the Council's current revenue financial position for the 2017/18 financial year to the end of August 2017 by Cabinet Portfolio. The current forecast outturn position is for an overspend of £5,125,000 which equates to 1.64% of gross budgeted spend (excluding Schools).

5.4 The financial strategy, which is on this same agenda, has been produced in response to a request from SMT and Cabinet about how to address these pressures. In the meantime one off use of reserves and capitalisation of some transformation spend will be needed. Options to more closely control spend on demand led budgets such as adult social care will need further review. Although actions are being taken to limit spend in the current financial year, a more strategic response is needed and this will be a key part of the budget process for 2018/19.

Strategic Directors have also agreed measures to reduce and mitigate the overspend, including :-

- Reviewing all vacancies to hold or remove;
- Introducing a three month turnover saving before a vacancy can be filled;
- Buying leave option for staff;
- Bringing forward planned savings;
- Regular monthly updates to the Transformation Group;
- Reviewing all income streams;
- Reviewing all spend above £10k.

5.5 In addition specific measures have been agreed within Adult Social Care:-

- Additional capacity for project management, transformation, and contract management;
- Improvements to the IT system in processing and reporting;
- Approval panels set up for care packages;
- Support planning and brokerage of placements.

5.6 Most mitigations have been included within budgets – the remaining mitigations can be made but this will mainly have an impact on the level of one-off reserves. The Medium Term Financial Strategy outlines that these reserves can be replenished through the use of flexible capital receipts for specific expenditure such as transformation.

5.7 The required level of non-earmarked reserves to meet key corporate financial risks is £13.5m with a minimum level of £7.5m. Reducing levels to £11.7m<sup>1</sup>, although above the minimum amount, will require actions to replenish the £0.681m as part of the Medium Term Financial Strategy.

5.8 The forecast outturn position includes the requirement for the delivery of £14.546m savings as part of the approved budget for 2017/18, a significant element of which has been confirmed as delivered.

5.9 The Council's financial position, along with its financial management arrangements and controls, are fundamental to continuing to plan and provide services in a managed way, particularly in light of the medium term financial challenge. Close monitoring of the financial situation provides information on new risks and pressures in service areas, and appropriate management actions are then identified and agreed to manage and mitigate those risks.

5.10 In their 2016/17 Audit findings Report, Grant Thornton commented in their Value for Money findings that it is clear that the Council is considering the alternatives available to it to secure the financial position in the medium long term, and also commented that it was clear that the Council has undertaken a significant amount of work to prepare a robust Medium Term Financial Plan , although this needs updating.

5.11 Revenue budget virements which require Cabinet approval are listed in Appendix 4(i). Technical budget adjustments are also shown in Appendix 4(i) for information purposes as required by the Budget Management Scheme.

5.12 Appendix 3 outlines the current position for the 2017/18 Capital budget of £120.589m (excluding contingency, prior to Full Council decisions on 14<sup>th</sup> September 2017), with a current forecast spend of £120.376m, which is £0.2m less than the budget.

5.13 Previously approved changes to the capital programme are listed in Appendix 5(i), while Appendix 5(ii) provides the updated capital programme allocated by Portfolio.

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<sup>1</sup> This projected level includes agreed Invest to Save drawdowns which are repayable in future years  
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## 6 RATIONALE

6.1 The report is presented as part of the reporting of financial management and budgetary control required by the Council.

## 7 OTHER OPTIONS CONSIDERED

7.1 None

## 8 CONSULTATION

8.1 Consultation has been carried out with the Cabinet Member for Finance & Efficiency, Strategic Directors, Section 151 Finance Officer, Chief Executive and Monitoring Officer.

## 9 RISK MANAGEMENT

9.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

9.2 The substance of this report is part of the Council's risk management process. The key risks in the Council's budget are assessed annually by each Strategic Director, with these risks re-assessed on a monthly basis as part of the budget monitoring process.

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<b>Background papers</b>	<i>Budget Management Scheme</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	