

Bath & North East Somerset Council

MEETING:	Cabinet	
MEETING DATE:	3rd November 2010	AGENDA ITEM NUMBER 14
TITLE:	Revenue and Capital Budget Monitoring, Cash Limits and Virements – April 2010 to September 2010	EXECUTIVE FORWARD PLAN REFERENCE: E 2129
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report Appendix 1: Revenue & Capital Monitoring Commentary Appendix 2: Revenue Monitoring Statement: All Council Spending Appendix 3: Capital Monitoring Statement: All Council Spending Appendices 4(i) & 4(ii): Proposed Revenue Virements & Revised Revenue Cash Limits 2009/10 Appendices 5(i), 5(ii): Capital Programme Movements & Revised Capital Cash Limits 2009/10 Appendix 6: Additions to the 2010/11 Capital Programme		

1 THE ISSUE

1.1 This report presents the financial monitoring information for the Authority as a whole for the financial year 2010/11 to the end of September 2010.

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 to manage below budget where possible by not committing unnecessary expenditure, through tight budgetary control.

2.2 This year's revenue budget position as shown in Appendix 2 is noted.

2.3 The capital expenditure position for the Council in the financial year to the end of September and the year end projections detailed in Appendix 3 of this report are noted.

2.4 The revenue virements listed for approval in Appendix 4(i) are agreed.

2.5 The changes in the capital programme listed in Appendix 5(i) are noted.

2.6 The additions to the 2010/11 Capital Programme as detailed in Appendix 6 are approved.

2.7 The efficiencies forecast for 2010/11, as described in 5.12 below, are noted.

3 FINANCIAL IMPLICATIONS

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

4 CORPORATE PRIORITIES

4.1 The annual service and resource planning process allocates scarce resources across services with alignment of these resources towards our corporate improvement priorities as set out in the Corporate Plan. This report monitors how the Council is performing against the financial targets set in February 2010 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, where overspent, services are expected to seek compensating savings to try and bring budgets back to balance.

5.3 Appendix 1 highlights significant areas of forecast over and under spends in revenue budgets. Appendix 2 outlines the Council's current revenue financial position for the 2010/11 financial year to the end of September 2010 by Cabinet Portfolio. The current forecast outturn position is for an under spend of £995,000 which equates to 0.4% of gross budgeted spend (excluding Schools). This forecast takes account of the impact of the governments in year cuts and the position will be closely monitored during the remainder of the financial year.

5.4 Appendix 3 outlines the current position for the 2010/11 Capital budget of £70.2m (excluding contingency), with a current forecast spend of £58.8m which is £11.4m less than the budget.

5.5 The total programme forecast to 2014/15 is expenditure of £299.1m (excluding contingency), which is £4.5m or 1.5% less than the total budget of £303.6m. The total programme is likely to increase over time as more certainty is established over funding and approval of projects.

5.6 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.

5.7 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.

5.8 As part of its public sector deficit recovery plan, the government announced in June 2010 in year savings of £6 billion, with approximately 21% of this falling on local government. For the Council this meant a cut of £1.8m per annum in revenue funding (equivalent to 2.5% on Council Tax) and a £1.8m reduction in capital funding. The majority of these cuts have fallen in Children's Services.

- 5.9 The Council has had to fund £474,000 of one-off costs, including redundancy, to implement these cuts as well as having to fund £393,000 of the required cuts from other budgets as some of the savings from withdrawing services funded by the grant cannot be achieved until 1st April 2011. These costs have been funded through a one-off transfer from the forecast underspend in capital financing.
- 5.10 The Council has taken appropriate action to implement the Coalition Government required cuts and, despite the scale thereof, still expects to deliver a 2010/11 revenue expenditure outturn within its overall revenue budget.
- 5.11 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. Appendix 6 lists additions and adjustments to the 2010/11 capital programme, some of which were presented in the February budget report as italic items for information. Approval by Cabinet is requested for these items.
- 5.12 The Council is required to report its ongoing cashable efficiencies forecast and achieved each year for National Indication 179: Value for Money. Cashable Efficiency savings of £2.390m were achieved in 2007/08. The cumulative target for 2008/09 to 2010/11 is £15.062m (or 9.4% of the revenue & capital baseline). The actual efficiencies achieved as at the end of 2009/10 was £10.452m (6.5%), and additional efficiencies forecast for 2010/11 are currently £4.976m. If achieved, this would give total efficiencies for the three year block of £15.428m, which is £0.366m above the target. Looking at a full four year period from 2007/08 the total cashable efficiency savings would equate to £17.818m.

6 RISK MANAGEMENT

- 6.1 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.

7 EQUALITIES

- 7.1 This report provides information about the financial performance of the Council and therefore no specific equalities impact assessment has been carried out on the report.

8 RATIONALE

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

9 OTHER OPTIONS CONSIDERED

- 9.1 None

10 CONSULTATION

10.1 Consultation has been carried out with the Deputy Leader of The Council & Cabinet Member for Resources, Strategic Directors, Section 151 Finance Officer, Chief Executive and Monitoring Officer.

11 ISSUES TO CONSIDER IN REACHING THE DECISION

11.1 This report deals with issues of a corporate nature.

12 ADVICE SOUGHT

12.1 The Council's Monitoring Officer (Council Solicitor) and Section 151 Officer have had the opportunity to input to this report and have cleared it for publication.

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Background papers	<i>Budget Management Scheme</i>
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