

Bath & North East Somerset Council

MEETING:	Cabinet	
MEETING DATE:	2nd March 2011	AGENDA ITEM NUMBER
TITLE:	Revenue and Capital Budget Monitoring, Cash Limits and Virements – April 2010 to January 2011	EXECUTIVE FORWARD PLAN REFERENCE: E 2131
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 2010/11 Appendices 5(i), 5(ii): Capital Programme Movements & Revised Capital Cash Limits 2010/11 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 January 2011.

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 Subject to the final Outturn position, the one-off VAT refund of up to £368,000 should be used to support the Community Engagement Fund in 2011/2012.

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

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

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

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

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 January 2011 by Cabinet Portfolio. The current forecast outturn position is for an under spend of £262,000 which equates to 0.1% 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. In addition, there is also a one-off receipt of £368,000 in respect of a VAT refund relating to previous years' leisure tuition fees.

5.4 Subject to final outturn, it is proposed to utilise funding from the £368,000 one-off VAT receipt to support the Community Enablement, to recognise the allocations already made from this budget as part of the 2011/2012 Budget approval (see separate report on this Agenda).

5.5 Options to create a Capital Financing Smoothing Reserve from any underspend which arises in capital financing costs in 2010/11, due to the profiling of the borrowing costs compared to the Capital Programme spend, are being considered by Officers. This timing difference is caused where a Service starts to repay its borrowing costs when capital spending begins, but the spend is initially funded by internal borrowing until the Council's cash balances require the planned external funding to be taken.

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 The budget report for next year, which was approved by Council on 15th February 2011, highlights further significant reductions in Government funding affecting the Council next year and beyond. The achievement of a balanced revenue outturn in 2010/11 forms part of the financial planning assumptions for next year in line with the Council's continued prudent financial management.
- 5.12 Appendix 3 outlines the current position for the 2010/11 Capital budget of £72.2m (excluding contingency), with a current forecast spend of £57.1m which is £15.1m 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. 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.

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.

Contact person	<i>Tim Richens - 01225 477468 ; Jamie Whittard - 01225 477213</i> Tim_Richens@bathnes.gov.uk Jamie_Whittard@bathnes.gov.uk
Sponsoring Cabinet Member	<i>Cllr Malcolm Hanney</i>
Background papers	<i>Budget Management Scheme</i>
Please contact the report author if you need to access this report in an alternative format	