

REPORT TO	DATE OF MEETING
Governance Committee	28 th September 2011

Report template revised June 2008



SUBJECT	PORTFOLIO	AUTHOR	ITEM
Budget Monitoring Report – 1 st Quarter	Finance & Resources	Susan Guinness	8

SUMMARY AND LINK TO CORPORATE PRIORITIES

This report provides an update on the Council's overall financial position and financial strategy for the first quarter of the financial year 2011/12 as at 30 June 2011. The following items have been included:

- Revenue income and expenditure;
- Progress in respect of the efficiency programme contained in the Medium Term Financial Strategy;
- Capital expenditure.

Details are set out in the attached Appendices 1, 2 and 3 respectively.

RECOMMENDATIONS

1. That the Governance Committee note, review and comment on report and appendices.

DETAILS AND REASONING

The approved revenue budget for 2011/12 is £13.647m plus £0.430m transfer from general reserves resulting in a net budget requirement of £13.217m. The report compares the profiled budget to 30 June 2011 to net expenditure incurred in the first quarter of the year. This comparison results in a net underspend position of £0.073m.

With regard to managing risk in the budget management process the main income streams are reported in detail as these budget heads are subject to variations caused by circumstances outside the direct control of the Council. At this stage in the year the Council's main income streams are performing well and have, in some cases, exceeded anticipated levels.

The revenue budget approved in the Medium Term Financial Strategy includes an efficiency saving programme totalling £1.819m. Progress to-date and the projected outturn position are set out in Appendix 2. As at 30 June 2011 the forecasted out-turn in respect of the efficiency programme is £1.531m. At this stage this represents a shortfall of £0.225m against the original target, however, work to improve this position continues and progress will be reported during the year.

In summary, the financial position as at 30 June 2011 shows the Council is performing well against its profiled budget, however, it is important to note that this is based on a number of assumptions made in the budget with regard to expected spending patterns and levels of income received to the end of the first quarter. Therefore, it is too early in the year to accurately predict the projected position to the end of the year. Similarly, there are some projects within the efficiency agenda set out in Appendix 2 that contain assumptions and estimates in respect of the year end position.

It should be noted that savings achieved to date should be considered in the context of the funding shortfalls contained within the Council's Medium Term Financial Strategy to 2014/15 and the subsequent budget gap over the next three years. In summary, performance against budget as at 30 June 2011 is positive but should be treated with some caution at this stage of the year. The current position is being closely monitored with particular regard to budgets that are subject to fluctuation and therefore present a higher risk. Updates will be reported during the course of the year.

Details of the Council's capital spending, by project is contained in Appendix 3. The projected spend is compared to the full year budget accompanied by an explanatory note where applicable. The total full year budget is currently £3.332 million with £0.956 million spent as at 30 June 2011. It is expected that the total spend at year end will be £2.787 million with £0.541 million being planned to be spent in 2012/13. The current projected out-turn position shows an improved position in comparison to previous years in respect of the variation compared to the capital budget. Similarly to revenue budget monitoring, however, the statement set out in Appendix 3 contains assumptions in respect of spending to the end of the year. Therefore, position will continued to be monitored and reported to Governance Committee during the year.

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these. The risk assessment which has been carried out forms part of the background papers to the report.

FINANCIAL	The financial implications are contained within the report and attached appendices.		
LEGAL	None.		
RISK	Risk is identified in the report. The main risk area is the inclusions of assumptions. Assumptions have been made with regard to estimating future costs and external influences that will affect projections in future months. Therefore any conclusions drawn from the contents of the report should be treated with some caution at this stage of the year.		
OTHER (see below)			
<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

BACKGROUND DOCUMENTS

Risk Assessment