

<b>REPORT TO</b>	<b>DATE OF MEETING</b>
Governance Committee	26 <sup>th</sup> September 2012

Report template revised June 2008



<b>SUBJECT</b>	<b>PORTFOLIO</b>	<b>AUTHOR</b>	<b>ITEM</b>
Budget Monitoring Statement – 1 <sup>st</sup> Quarter	Finance & Resources	Susan Guinness	5

## 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 2012/13 as at 30 June 2012. 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 of the revenue budget are set out in the attached Appendix 1, and the Capital Programme in Appendix 2.

## 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 £13.570m less £0.437m transfer from general reserves resulting in a net budget requirement of £13.133m. The report compares the profiled budget to 30 June 2012 to net expenditure incurred in the first quarter of the year. This comparison results in a net underspend position of £0.293m.

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 in particular Planning Fee Income.

The revenue budget approved in the Medium Term Financial Strategy includes an efficiency saving programme totalling £0.644m. None of the budget savings items remain as targets as all have been fully allocated and accommodated within the budget at this early stage in the year.

In summary, the financial position as at 30 June 2012 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. For example, one of the main contributors to the underspend position is Planning Fee Income. Should the remainder of the year see actual receipts less than expected then this could significantly change the current position, i.e. where actual income exceeds that expected within the first quarter. Therefore, it is too early in the year to accurately predict the projected position to the end of the year.

It should also be noted given the underspend position that savings achieved to date should be considered in the context of the funding shortfalls contained within the Council's Medium Term Financial Strategy and the subsequent budget gap in the coming years. Additionally there still remains a great deal of uncertainty on the future funding of the Council in the immediate future, being 2013/14 onwards. To illustrate, the implementation of the Local Retention Of Business Rates regime is happening with effect from 2013/14 yet we are still not fully aware of what the precise effects will be on the Council's budget as the scheme has not been finalised yet. The settlement for 2013/14 and 2014/15 is only expected to be published late in the calendar year and therefore timescales will be very tight with regard to assessing the impact of these significant core funding changes.

In summary, performance against budget as at 30 June 2012 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 2. Similarly with the revenue budget it is too early in the year to provide an accurate year end position. Indications are that expenditure and projects will progress and be completed at the end of the year. Only £10,000 in respect of the ICT Work Programme has been identified as being a project variation at this stage. The position will continue 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.

<b>FINANCIAL</b>	The financial implications are contained within the report and attached appendices.		
<b>LEGAL</b>	None.		
<b>RISK</b>	Risk is identified in the report. The main risk area is the inclusion of assumptions. Assumptions have been made with regard to the level of anticipated budget spend as at 30 <sup>th</sup> June 2012. Therefore any conclusions drawn from the contents of the report should be treated with some caution at this stage of the year.		
<b>OTHER (see below)</b>			
<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

Budget Report and Medium Term Financial Strategy – Cabinet February 2012.