

REPORT TO	DATE OF MEETING
Governance Committee	28 th November 2012

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SUBJECT	PORTFOLIO	AUTHOR	ITEM
Budget Monitoring Statement – 2nd Quarter	Finance & Resources	Susan Guinness	5

SUMMARY AND LINK TO CORPORATE PRIORITIES

This report provides an update on the Council’s overall financial position compared to the financial strategy for the first six months of the financial year 2012/13 as at 30 September 2012. The following items have been included:

- Revenue income and expenditure;
- Progress in respect of the efficiency programme;
- Capital expenditure.

Details of the revenue budget (including the efficiency programme) is set out in Appendix One and the Capital Programme in Appendix Two, both attached.

RECOMMENDATIONS

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

DETAILS AND REASONING

The approved revenue budget for 2012/13 is £13.570m less a £0.437m transfer from general reserves resulting in a net budget requirement of £13.133m. The report compares the profiled budget as at 30 September 2012 to net expenditure incurred in the first quarter of the year. This comparison results in a net underspend position of £0.580m. Should this position continue to the end of the financial year it would in effect mean that we will not need to take the contribution from the general reserve currently budgeted

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 the levels anticipated. This is particularly the case with Planning Fee Income.

The revenue budget approved in the Medium Term Financial Strategy includes an efficiency saving programme totalling £0.644m. It is pleasing to report that none of the budget savings items remain as a target to be achieved, all have now been fully allocated and accommodated in the budget.

In summary, the financial position as at 30 September 2012 shows the Council is performing well against its profiled budget, however, caution should be exercised when forming a judgement on the Council’s overall financial position to the end of the year and over the medium term. For example:

- 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 at this half way stage in the year. For example, one of the main contributors to the underspend position is Planning Fee Income, should there be no further material receipts to the end of the year then this will significantly impact on the current position.

- It is too early in the year to accurately predict the projected position to the end of the year.
- It should also be noted that budgetary savings achieved to date should be considered in the context of the funding shortfalls contained in the Council's Medium Term Financial Strategy and the subsequent budget gap in the coming years that are not insignificant.
- 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 comes into effect from 2013/14 yet until the Government's grant settlement is announced we will not be notified of the precise effects this will have on the Council's core funding.
- The settlement for 2013/14 and 2014/15 is only due to be published late in this calendar year and therefore timescales will be very tight with regard to assessing the impact of these significant core funding changes within this budget setting period. At this point in time we are also now anticipating that the settlement may only publish data for 2013/14.

In summary, performance against budget as at 30 September 2012 is positive but should be treated with caution at this stage of the year. The current position continues to be 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 each project are contained in Appendix Two. This budget is also similar to the revenue budget with regard to accurately pinpointing year end performance. Indications are that expenditure and projects will progress and be completed by the end of the year. The position will continue to be monitored and reported to Governance Committee.

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 inclusion of assumptions. Assumptions have been made with regard to the level of anticipated budget spend as at 30 th September 2012. 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 - Budget Report and Medium Term Financial Strategy – Cabinet February 2012.