

<b>REPORT TO</b>	<b>DATE OF MEETING</b>
Governance Committee	28 <sup>th</sup> January 2015

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<b>SUBJECT</b>	<b>PORTFOLIO</b>	<b>AUTHOR</b>	<b>ITEM</b>
Budget Monitoring Statement as at 31 December 2014	Finance & Resources	Susan Guinness /Jane Blundell	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 nine months of the financial year 2014/15 as at 31 December 2014. 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.

## RECOMMENDATIONS

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

## DETAILS AND REASONING

The approved revenue budget for 2014/15 is £12.826m less a £0.132m transfer from general reserves resulting in a net budget requirement of £12.694m. The report compares the original 2014/15 budget with the latest projected outturn for 2014/15, which shows a forecast net underspending at the end of the year of £0.084m. The final outturn position will also include an adjustment to the General Reserve of £1.159m in respect of the contributions to the pension deficit for the three year's 2014/15 to 2016/17. This was paid upfront in 2014/15 which has generated a saving of £0.155m, with the three years' budget savings being realised in full in 2016/17.

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 some of the Council's main income streams are performing well and have in some cases exceeded the levels anticipated; whilst others, such as Building Control fees, income levels have fallen. These variations are reflected in the projected outturn forecasts.

The revenue budget approved in the Medium Term Financial Strategy includes an efficiency saving programme totalling £0.410m of which £0.409m is forecast to be achieved in 2014/15 and the recurring savings in future years are £0.292m.

In summary, the financial position at the end of the third quarter 2014/15 shows the Council is forecast to underspend against the original budget, and recurring budget savings have been identified in 2014/15 which will contribute to reducing the budget gap from 2015/16 onwards. It should be noted, however, that the revised forecast 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 final quarter. The projected out-turn positional also contains a number of financial significant

estimates with regard to Business Rates Retention, in particular rating appeals being processed by the Valuation Office Agency (VOA) and yet unpublished technical adjustments regarding the S31 grant for Small Business Rate Relief and the levy calculation.

With regard to the wider context and the Council's financial position of the longer term it should be noted that although the budgetary savings achieved contribute towards achieving a balanced budget position there still remains a significant budget gap in future years. Additionally there still remains uncertainty on future funding levels both in terms of the permanent arrangements under Business Rates Retention and also over the forthcoming years in the form of funding cuts in Central Government core grants.

In summary, projected performance against budget to the end of the year is positive but should be treated with caution at this stage of the year due to the scale of assumptions and estimates included. The current position continues to be closely monitored with particular regard to budgets that are subject to fluctuation and therefore present a higher risk to the Council's budget.

Details of the Council's capital spending by each project are contained in Appendix 4. The projected spend is compared to the full year budget accompanied by an explanatory note where applicable. The total full year budget is £2.954m with £1.281m spent and committed as at 31 December 2014. It is expected that the total spend at year end will be £1.877m with £0.816m being planned to be spent in future years and the forecast in-year saving of £0.261m. Similarly to revenue budget monitoring, however, the statement set out in Appendix 4 contains assumptions in respect of spending to the end of the year and will continue to be closely monitored.

## 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 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.		
<b>THE IMPACT ON EQUALITY</b>	This report is not considered to have any adverse impact on equality.		
<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 12 February 2014.