

September 2015 Q2 Revenue Budget Monitoring

Report of Cllr Richard Wenham, Executive Member for Corporate Resources
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This report relates to a Non Key Decision

Purpose of this report :

1. The report sets out the financial position for 2015/16 as at the end of September 2015. It sets out spend to date against the profiled budget and the forecast financial outturn. Explanations for the variances are set out below in Appendix A. This report enables Corporate Management Team to consider the overall financial position of the Council and agree any further actions.

RECOMMENDATIONS

The Executive is asked to:

1. **note that the revenue forecast position is to overspend by £0.6M (£1.3M in August, £1.1M over last year) and request directorates to continue to take the necessary action to achieve a balanced budget; and**
2. **note that the budget includes £2.1M of contingency costs which are currently forecast to be used. There is no call on this contingency at present.**

Issues

2. Forecast outturn position as at September 2015 is over budget by £0.6M (£1.3M over in August). This is mainly as a result of pressures within SCHH and Children's Services, offset by a forecast underspend in Community Services.
3. SCHH have increased their forecast overspend to £1M (£0.9M in August). Children's Services have increased their forecast overspend to £1.3M (£1.2M in August).

Both directorates continue to look to mitigate the overspends. Community Services have a forecast underspend of £0.9M (£0.1M in August), which is primarily due to increased Section 38 income and reduced waste related costs.

4. We are holding a contingency of £2.1M against which no call has yet been made. If this contingency remains unallocated, along with the £0.75M budget for Care Act pressures, then this would result in an underspend of £2.25M.
5. Quantified Risks & Opportunities indicate a net risk of £0.6M (£1.4M in August).
6. Overall debt is £12.9M compared to £9.4M in August. This movement is mainly due to invoices raised against the NHS (currently less than 30 days old).
7. Debt over 61 days is £5.8M (45%), August was also £5.8M (62%).

The table below details the YTD and Full Year variances by directorate:

Directorate	Year to Date - September P6			Full Year		
	Budget £m	Actual £m	Variance £m	Budget £m	Forecast Outturn £m	Variance £m
SCHH	31.9	32.4	0.4	63.9	64.8	1.0
Childrens Services	21.6	22.5	0.9	44.0	45.3	1.3
Community Services	20.5	19.8	(0.8)	40.9	39.9	(0.9)
Regeneration	2.1	1.7	(0.5)	4.8	4.7	(0.1)
Public Health	0.0	0.1	0.1	0.0	0.0	0.0
Improvement & Corporate Services	8.0	7.7	(0.4)	16.4	16.2	(0.2)
Corporate Resources	2.2	1.9	(0.2)	4.7	4.6	(0.2)
Corporate Costs	4.2	3.9	(0.4)	11.7	11.5	(0.2)
Total Excl Landlord Business	90.6	89.9	(0.7)	186.5	187.1	0.6
Schools	0.0	(0.0)	(0.0)	0.0	0.0	0.0
Landlord Business	(0.2)	(0.2)	0.0	0.0	0.0	0.0
Total	90.4	89.7	(0.7)	186.5	187.1	0.6

(Note – Any minor rounding differences are due to linking to detailed appendices).

Earmarked Reserves (Appendix B)

8. The general fund full year forecast position includes a net £0.7M proposed use of reserves.

9. In terms of use of general fund earmarked reserves, SCHH are forecast to use £1M, Children's Services £1.2M, Regeneration £0.1M, Community Services £1.2M, and Improvement and Corporate Services (ICS) £0.2M.
10. This is offset by the creation of a £2M earmarked reserves (EMR) for the New Homes Bonus (NHB) which we will receive in 2015/16. This was a conscious decision within the Medium Term Financial Plan to both reduce reliance on NHB and to build a fund for investment. There is also a budgeted transfer to EMR of £500K to top up the Redundancy Reserve £814K Better Care Fund and £400K to top up the Insurance Reserve. Total proposed transfer to reserves is £3.9M.
11. See Appendix B for details of which EMR have been used.

General Reserves

12. The opening position for 2015/16 is £15.1M (subject to audit). There are no further uses or contributions planned this year.

Council Priorities

13. Sound financial management contributes to the Council's Value for Money and enables the Council to successfully deliver its priorities. The recommendations will contribute indirectly to all 5 Council priorities.

Corporate Implications

Legal Implications

14. None

Financial Implications

15. The financial implications are set out in the report.

Equalities Implications

16. Equality Impact Assessments were undertaken prior to the allocation of the 2015/16 budgets and each Directorate was advised of significant equality implications relating to their budget proposals.

Appendices

Appendix A – Detailed Directorate Commentary
Appendix B – Earmarked Reserves
Appendix C – Debt Management
Appendix D – Treasury Management