Meeting:	**Executive**
Date:	**8 December 2009**
Subject:	**Budget Management Report as at 31 October 2009**
Report of:	**Cllr Maurice Jones, Portfolio Holder for Corporate Resources**
Summary:	The report provides information on the budget position as at 31 October 2009 to enable decisions to be taken on resource allocation and service delivery.

Advising Officer:	Clive Heaphy, Director of Corporate Resources
Contact Officer:	Matt Bowmer, Assistant Director Financial Services
Public/Exempt:	Public
Wards Affected:	All
Function of:	Executive
Key Decision	Yes
Reason for urgency/ exemption from call-in (if appropriate)	N/A

CORPORATE IMPLICATIONS

Council Priorities:

Sound Financial management contributes to the Council's Value for Money Policy

Financial:

The Financial implications are set out in the report

Legal:

None

Risk Management:

Directors are assessing the risks of the detailed actions from Appendix A3 on Council Services

Staffing (including Trades Unions):

None

Equalities/Human Rights:

The effect of any proposed efficiency savings will need to be considered as part of the Equality Impact Assessments particularly in identified high risk areas.

Community Safety:

None

Sustainability:

None

Summary of Overview and Scrutiny Comments:

This report has not been the subject of a report to the Overview and Scrutiny Committee.

RECOMMENDATION(S):

That the Executive be recommended to:

(a) Note the latest budget projections for the year and the continuing further work to bring expenditure into line with budget for 2009/10

(b) Approve the virements as set out in paragraphs 22 and 23

(c) Approve the additional action plans savings shown at Appendix A3

(d) Agree to reverting back to quarterly monitoring for Executive

Reason for Recommendation(s):	*To report to members that robust budget monitoring has been undertaken since day one to ensure spend was delivered to budget and that resources have been allocated appropriately.*

Introduction

1. The report sets out the financial position as at the end of October 2009 and the forecast position at year end. Appendix A shows the net revenue position.

2. Members are aware that this is a relatively high risk budget as it is the first one produced by Central Bedfordshire and it is for this reason that robust monitoring has been in place since day one.

Executive Summary - Revenue

3. The current forecast outturn position based on the actual spend as at the end of October 2009 is shown at Appendix A1. The forecast indicates an **overspend of £7.2m** which is a significant reduction of £1.4m on the position reported at the end of September.

4. Actions have been implemented across all Directorates to tackle the forecast overspend this month, the main reduction being seen in Children, Families and Learning as a result of detailed review of the Out of County placements provision. Appendix A2 gives a breakdown by Directorate of the movements since the last report.

5. The annual budget has been revised since last month to reflect virements which are detailed at paragraph 17.

6. Work is continuing on Directorate Action Plans to address the remaining overspend. Executive on 13th October 2009 agreed that all actions identified could be progressed following discussion between the Director and Portfolio Holder. Appendix A3 shows a summary of these plans together with new actions.

7. Most of the savings identified as green (£2.8m) had been included in the previous forecasts and those identified as amber have now been included in this month including those new actions identified and shown separately in Appendix 3. Directors have reviewed the amber actions with their Portfolio Holders to show the latest position and increase the savings where possible. It has been agreed by the Resources Portfolio Holder and Chief Executive that those savings previously identified as red are no longer deliverable and therefore are excluded from the monitoring. The total savings now included in the current forecast outturn is £4.1m.

8. ***The total savings identified in the Directorate Action Plans do not address the full forecast overspend. Directors will need to identify further savings to make up the gap.***

9. The overspend of £117k within **Business Transformation** represents a reduction of £45k since last month, which is a result of implementation of further action plan efficiencies. The main areas of overspend remain unchanged from last month and relate to a reduction in income from the Registrars Service, and increased agency costs in the Revenues and Benefits Service to meet additional demand, although these are being offset in part by holding vacancies across the Directorate where possible.

10. The proposed use of reserves is mainly in respect of the Invest to Save Programme which is supported from general reserves.

11. There has been a significant reduction in the pressures for **Children, Families and Learning** and the forecast overspend has reduced by £1.0m to £1.9m. There has been reduced overspends across most service areas as consequence of the establishment reconciliation/clean-up exercise and cost centre budget reviews initiated by CFL in September. The major improvements to the overspending position have occurred in SEN & Inclusion Service Management within Out County placements, Statementing and Specialist Resourced Lower School provision; Children with Disabilities Service as a result of renegotiating the SLA; and Integrated Services.

12. The majority of overspend continues to come from Transport, Children's Specialist Services and Leisure. (£2.2m in total, offset by underspends elsewhere.)

13. The variance to date is disproportionate in comparison to the full year forecast and is mainly due to seasonal and term time expenditure patterns.

14. The proposed use of reserves reflects the transfer of the Vandyke sports field reserve to the school and the use of the PFI reserve as a result of reduced interest rates.

15. There has been an increase in the forecast underspend for **Corporate Costs** which is a result of restructuring some of the Council's debt. This has been planned for some time but market conditions have only recently made this viable.

16. The full year forecast overspend for **Corporate Resources** of £0.325m is also a reduction on last month by some £0.2m mainly due to action plans. The key reasons for the forecast over spend are establishment pressures within Legal Services and Property, a reduction in income within Audit, Legal Services and Property. These overspends are being offset in part by increased income in Procurement and HR and reduced establishment and software costs in ICT.

17. **Adult Social Care Health and Housing** forecast variance has increased by £264k since last month. This is mainly due to the costs of personalisation exceeding the grant by £365k as this element of the grant had been utilised to fund base budget expenditure in the original in budget build. Also there is a reduction in the grant income expected for the Drug Action Team. These increased pressures have been offset by £151k increased client contributions and £256k from the recovery action plan, namely increased financially assessed income and savings in domiciliary block contracts.

18. The proposed use of reserves is in respect of the HRA and the use of the Social Care Reform grant.

19. **Sustainable Communities** currently are forecasting small underspend of £49k which is a result of the full implementation of the Directorate action plan. £250k savings in respect of the Highways revenue area team have been included in the forecast. These were identified as Amber in Septembers report but are shown as new on the Appendix A3 as the specific details of the action have not previously been reported.

Executive summary – Capital

20. The current forecast outturn position for capital based on the position as at the end of October 2009 is shown at Appendix B1and reflects the revision to the programme as reported to the Executive and recommended to Council in November. The forecast indicates no overspend as the programme has been revised to match the latest expected programme spend.

21. The detailed exercise in reviewing the programme has not identified sufficient slippage to give the necessary assurance that expenditure will be contained within the original £17.574m planned funding through capital receipts and borrowing. Additional reprogramming of spend to the value of £8.887m needs to be carried out before the end of the financial year.

Revenue Virement requests

The virements between Directorates this month are:

22. £40k between Business Transformation and Corporate resources for the transfer of funding for legal costs to support debt collection services.

23. £26k from Sustainable Communities to Corporate Resources to reflect the transfer of staffing costs in respect of administering CRB checks.

Key Risks and Cost Drivers

24. This is an ongoing piece of work. For each Directorate there will be a regular update of three or four key areas of activity that have a significant impact on financial performance data.

25. Areas of the Council where it is proposed to start reporting such activity data include waste tonnages in sustainable communities and Adults with care packages.

Achieving Efficiency Savings

26. The agreed budget includes £8.54m of efficiency related savings. Appendix C shows the figures reported to the Department of Communities and Local Government (DCLG) under NI 179 reporting requirements.

Reserves Position

27. As reported in August the expected closing balance on general reserves is £3.9m. Any revenue overspend at the end of the year will be first call on general reserves. This position assumes that the revenue outturn will be in line with the budget.

Carry Forward Requests

28. None

Workforce Data

29. Work has been ongoing with configuring SAP to record FTE numbers by both post and employees. Vacant posts now need to be annotated with budgeted FTE numbers. This will enable a more accurate reporting of establishment and actual FTE to be system produced and will be reported next month.

30 Establishment data is now being produced monthly which is reviewed for accuracy by Assistant Directors.

Aged Debt Analysis

31. Debt outstanding for Central Bedfordshire as at the end of October was £6.62m which is a significant increase of £4.3m in the last month. This is primarily due to invoices to the fully funded schools for payroll costs.

32. The inherited debt from Bedfordshire County Council is £4.6m which shows a small reduction since last month of £0.3m.

33. The Inherited debt from Mid Beds and South Beds District Councils now stands at £0.67m which is a reduction of £0.16m from the position as at September.

Other Financial Indicators

Payments

34. Central Bedfordshire's terms are 30 days for payment and 21 days for small businesses. Whilst BVPI8, (the percentage of invoices paid within 30 days or agreed terms), is no longer in the national indicator set it continues to be monitored.

35 The overall monthly performance for October, excluding schools is 97.1% which is 0.5% above last month's performance.

36. The year to date performance excluding schools is 97.3% which is an insignificant reduction of 0.01% since last month.

Treasury Management

37. There have been no changes in the value of debt held by Central Bedfordshire Council although work has commenced to restructure debt in order to make savings. This has been achieved by repaying three fixed rated loans and replacing it with variable rated debt. In total £120k has been saved in 2009/10 and £324k in a full year.

38. Financial Services will continue to monitor our debt portfolio with the view to make further savings.

Appendices:
Appendix A1 – Summary of Council Revenue Position
Appendix A2 – Table of forecast changes by Directorate since last month
Appendix A3 – Summary of Directorate Action Plans.
Appendix B1 – Summary of Council Capital Position

Background Papers: (open to public inspection)
Capital Programme Review 2009/10

Location of papers: Priory House, Chicksands