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**Meeting:** Executive

**Date:** 18 March 2014

**Subject:** December 2013 – Quarter 3 Revenue Budget Monitoring Report

**Report of:** Cllr Maurice Jones, Deputy Leader and Executive Member for Corporate Resources

**Summary:** The report sets out the financial position for 2013/14 as at the end of December 2013. It sets out spend to date against the profiled budget and the forecast financial outturn. It excludes the Housing Revenue Account which is subject to a separate report.

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**Advising Officer:** Charles Warboys, Chief Finance Officer

**Contact Officer:** Charles Warboys, Chief Finance Officer

**Public/Exempt:** Public

**Wards Affected:** All

**Function of:** Executive

**Key Decision** Yes

**Reason for urgency/ exemption from call-in (if appropriate)** Not applicable

<b>CORPORATE IMPLICATIONS</b>
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<b>Council Priorities:</b>
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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.
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<b>Financial:</b>
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| 1. The financial implications are set out in the report. |
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<b>Legal:</b>
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| 2. None. |
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<b>Risk Management:</b>
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| 3. None. |
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**Staffing (including Trades Unions):**

4. Any staffing reductions will be carried out in accordance with the Council's Managing Change Policy and in consultation with the Trades Unions.

**Equalities/Human Rights:**

5. Equality Impact Assessments were undertaken prior to the allocation of the 2013/14 budgets and each Directorate was advised of significant equality implications relating to their budget proposals.

**Public Health:**

6. None.

**Community Safety:**

7. None.

**Sustainability:**

8. None.

**Procurement:**

9. None.

**Overview and Scrutiny:**

10. The September Quarter Two Revenue Budget Monitoring report will be considered by the Corporate Resources Overview and Scrutiny Committee on 8 April 2014.

**RECOMMENDATIONS:****The Executive is asked to:**

1. **note the Revenue forecast position which is currently to overspend the budget by £0.4m; and**
2. **request officers to continue with their efforts to achieve a minimum balanced outturn or an underspend.**

*Reason for Recommendations:* *To facilitate effective financial management and planning.*

**Executive Summary**

11. The report sets out the provisional financial position for 2013/14 based at the end of December 2013. Further explanations are set out in Appendices A - C. This report enables the Executive to review the overall financial outturn position of the Council, which is subject to audit.

## 12. EXECUTIVE SUMMARY

### KEY HIGHLIGHTS (Directorate Budget Monitoring Detail in Appendix A)

- The 2013/14 forecast outturn is to overspend by £0.4m, 0.2%.
- The main pressures impacting the forecast outturn are in Children's Services (£2.6m over) and relates to Children in Care and Care Leavers (£546k), Intake and Family Support (£327k) Fostering and Adoption (£989k), Transport (£581k) and DSG contributions to central overheads (£848k).
- The overspend in Children's Services is after the use of £3.8m of Earmarked Reserves brought forward from 2012/13. Had the pressure for the Directorate not been managed in year by reserves set aside from the 2012/13 financial year the pressure would be £6.4m.
- Public Health are forecasting to underspend by £0.6m. An element of the Public Health funding will be used to make a contribution to offset the cost of the relevant Council overheads. As this was unbudgeted it shows up as a forecast underspend in the report.
- The overall Year to Date spend is £3.3m below budget (£4.0m in November).
- Risks and opportunities indicate a favourable opportunity of £0.25m.
- December non current debt excluding House sales and Grants (i.e. debt that is more than 14 days from date of invoice) is £11.7m which is £6.2m higher than November. All debt is under active management.
- This increase in debt is mainly due to a number of large invoices raised between Social Care Health and Housing and the NHS and Bedfordshire Clinical Commissioning Group (BCCG) as detailed in Appendix D. We also see a month on month increase in debt each quarter due to raising quarterly invoices.

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

Directorate	Year to Date - December P09			Full Year			Rest of Year Variance £m
	Budget £m	Actual £m	Variance £m	Budget £m	Forecast Outturn £m	Variance £m	
ASCHH	49.5	48.8	(0.7)	65.9	65.2	(0.7)	(0.0)
Childrens Services	29.4	31.0	1.5	39.2	41.8	2.6	1.1
Community Services	25.8	25.6	(0.2)	35.8	35.5	(0.3)	(0.1)
Regeneration	5.5	4.7	(0.8)	8.0	7.6	(0.4)	0.4
Public Health	0.0	(1.3)	(1.3)	0.0	(0.6)	(0.6)	0.6
Improvement & Corporate Services	17.8	17.3	(0.5)	23.9	24.1	0.3	0.8
Corporate Resources	3.6	3.3	(0.3)	5.2	5.1	(0.1)	0.1
Corporate Costs	7.4	6.6	(0.8)	11.0	10.6	(0.4)	0.4
<b>Total Exc HRA</b>	<b>139.0</b>	<b>136.0</b>	<b>(3.0)</b>	<b>189.0</b>	<b>189.3</b>	<b>0.3</b>	<b>3.3</b>
Schools	0.0	0.1	0.1	0.0	0.0	0.0	(0.1)
HRA	0.0	(0.4)	(0.4)	0.0	0.0	0.0	0.4
<b>Total</b>	<b>139.0</b>	<b>135.7</b>	<b>(3.3)</b>	<b>189.0</b>	<b>189.3</b>	<b>0.3</b>	<b>3.6</b>

## 13. RESERVES POSITION

### Earmarked Reserves

13.1 The opening balance of Earmarked Reserves is £21.434m (Excluding HRA and Schools). The current reported position proposes the planned use of £6.6m Earmarked reserves (used to offset expenditure), release of £0.04m (no longer required) and proposed transfer to Earmarked reserves of £0.25m (budgeted). This would result in a forecast closing position of £15.1m Earmarked reserves at year end (see Appendix B for details of which reserves have been used).

### General Reserves

13.2 The opening position for 2013/14 is £14.2m with a budgeted closing position of £13.8m. There are no further uses or contributions planned for 2013/14.

## 14. RISKS AND OPPORTUNITIES

### Directorate risks & opportunities

Risks and Opportunities indicate an opportunity of £0.25m as at December.

#### Risks

- Community Services £0.15m risk – Winter Maintenance.
- Improvement & Corporate Services £0.1m risk – Customer Contact Centre.

The following opportunities have been identified

- Social Care £0.3m (£0.1m Winter pressure, £0.1m recovery of costs relating to a Home closure and £0.1m Social Voices Grant).
- Improvement & Corporate Services £0.1m opportunity - PFI.
- £0.1m HRA contribution to overheads.

## **Appendices**

Appendix A – Detailed Directorate Commentary

Appendix B – Debt Management

Appendix C - Treasury Management