
**MONITORING OF THE GENERAL FUND REVENUE BUDGET
2014/15**

Report by the Chief Financial Officer

EXECUTIVE

24 February 2015

1 PURPOSE AND SUMMARY

1.1 To provide the Executive with

- **budgetary control statements for the Council's General Fund based on actual expenditure and income to 31 January 2015;**
- **explanation of the major variances between projected outturn expenditure/income and the current approved budget.**

1.2 The revenue monitoring position set out in this report is based on the actual income and expenditure to the 31 January 2015 and is currently reporting a projected breakeven position at 31st March to the end of this reporting period. Work continues across departments to deliver a programme of in-year savings measures put in place to address a number of significant cost and income pressures experienced during the financial year, the full delivery of which is required in order to ensure the above position and in particular, a breakeven outturn position across Chief Executive, People and Place departments.

Current pressures on the budget requiring remedial action are due to 2 main factors:

- Unfunded Compulsory Redundancies (£99k)
- Shortfall in income from Commercial Rents (£69k)

Specifically, further actions have been identified within People and Place of £89k and £67k respectively to address new arising pressures, the assumed delivery of which are factored into the projected position. A projected underspend in Children and Young People of £199k is directly offsetting projected pressures in Adult Services of the same value. Additional projected income from Council Tax (£168k) has been used to offset the position in Other Services enabling a breakeven position overall to be reported.

1.3 80% (£6,466k) of 2014/15 Financial Plan savings remain achieved as planned with 13% (£1,052k) being achieved through alternative means. This leaves 4% (£362k) of the current savings which are profiled to be

achieved during the remainder of this financial year and the reported balanced outturn position is therefore dependent on their delivery by 31 March 2015. Progress on achievement of Financial Plan savings is detailed in Appendix 5 to this report.

- 1.4 Full details of pressures, risks and challenges are detailed in Appendix 1 to this report. Proposed virements and earmarked balances are detailed in Appendices 2 and 3 respectively. Appendix 4 contains the Council's position on budget movements for the year 20 31st January 2015.

2 RECOMMENDATIONS

2.1 It is recommended that Members:-

- (a) Note the projected balanced breakeven position reported at 31 January 2015;**
- (b) Agree that the Depute Chief Executives for People and Place and their Service Directors will continue to work with their management teams to deliver all planned savings measures and if necessary, bring forward further actions to ensure this outturn position is delivered 2014/15;**
- (c) Agree proposals for budget virements and earmarked balances detailed in Appendices 2 and 3 respectively;**
- (d) Note the efficiency savings detailed in Appendix 5 and reviews all previously identified savings proposals for deliverability, including those where no or only partial process has been made and are being met by other temporary measures;**

3 PROJECTED OUTTURN

- 3.1 The summary included in Appendix 1 is reporting an overall projected breakeven position at 31st January 2015 with additional proposals to meet pressures having been identified. Department management teams continue to work to deliver a range of measures to address a range of further pressures across their services and continue to work with Finance to enable the delivery of a balanced outturn across Chief Executive, People and Place departments. Appendix 5 sets out the progress made by the end of month 9 to deliver the savings approved in the Financial Plan on the 6 February 2014 and prior year savings achieved by temporary means.

Chief Executive's

- 3.2 The Chief Executive's department is currently projecting a balanced outturn position and is managing pressures within the department to achieve this position. The main area of ongoing pressure relates to the Small Business Grants Scheme. No further grants will be made during the remainder of 2014/15, although applications will continue to be considered in advance of 2015/16.

People

- 3.3 The People Department is currently reporting a balanced position at the 31st January as a result of a remedial action plan currently being delivered in order to enable a balanced outturn position to be achieved and the offset of £199k of projected savings within Children and Young People to pressures of the same value in Adult Services.
- 3.4 Budgets have been considerably realigned within the department in order to address a range of identified pressures, including those pertaining to the cost of Out of Authority Care. Transport of children to/from school continues also to be an area of financial pressure and a combination of additional investment into the service, a review of discretionary spend and the identification of savings from the profiled implementation of the Early Years additional hours for nursery provision have all been required to enable the above position to be reported.
- 3.5 Within Adult Services, projected pressures of £199k are currently projected. This is predicated however on the delivery of planned actions to deliver a further £250k of proposed savings during the remainder of the financial year. £220k of savings have already been delivered as part of the department's action plan during October and November and all remaining actions, including those newly identified to deal with further pressures of £89k, must now be delivered.
- 3.6 Beyond the action plan currently being delivered, further additional savings within Generic Services of £239k arising from ongoing staff turnover management and discretionary spend budgets are meeting additional demand pressures across Older People services.

Place

- 3.7 The Place department is currently projecting a breakeven position having brought planned savings forward to address £67k of further pressures identified during January. Planned savings within Regulatory Services and Asset Management, together with additional Passenger Transport income are being used to offset shortfalls in income across Fleet Management, Design and SBC Contracts and further savings will be identified and delivered to fully offset this going forward.

Other

- 3.8 Budget available to meet ERVS/compulsory redundancies during 2014/15 has now been fully utilised, including an additional £100k allocated from reserves. This has left a residual pressure of £99k requiring addressing along with £69k in respect of a shortfall in income from Commercial Rents. It is proposed within Appendix 2 to utilise £168k of additional income from Council Tax in order to offset these two remaining areas of financial pressure.
- 3.9 Significant savings of £132k in Loans Charges has been used to offset pressures across the Council in Chief Executive and People departments. £115k budget is being earmarked into 2015/16 to support Corporate Transformation and £60k budget is being earmarked to support the implementation of the Culture Trust to correspond with planned activity.

4 IMPLICATIONS

4.1 Financial Recommendations

There are no costs attached to any of the recommendations contained in this report its content being specifically related to the performance of the revenue budget in 2014/15.

4.2 Risk and Mitigations

There is a risk that management action does not deliver the necessary measures to balance the budget and ensure the delivery of the 2014/15 Financial Plan. There is also a risk that further cost pressures may emerge in-year which may then impact further on the bottom line. Every effort must continue to be made by Service Directors to contain projected spend in the remainder of the year. Within all departments but in particular, People, a substantial level of savings require to be delivered through actions plans during the remainder of the financial year and accordingly, every effort must also be made to ensure that this is achieved and where there is any risk of non-delivery, further mitigating actions are identified.

- 4.3 It is imperative therefore that review is undertaken across all departments of savings identified within the 2014/15 and previous financial plans that have yet to be delivered or which are currently being met by other temporary means and alternatives, where appropriate, identified to ensure permanent affordability and budget sustainability.

The risks identified above are being managed and mitigated through:-

- (a) monthly reports of actual expenditure and income against approved budgets being made available to budget managers from the Council's Financial Information System.
- (b) review of budget variances and monitoring of management actions to control expenditure by Finance, Service staff and Directors and monthly reporting to CMT including a series of budget challenge meetings between the above key stakeholders.
- (c) engagement with Departments and review of monthly management accounts by departmental management teams.

- (d) supporting departmental business transformation boards to monitor and deliver the planned business transformation savings in the medium-term Financial Plan.

4.4 **Equalities**

It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report.

4.5 **Acting Sustainably**

There are no significant effects on the economy, community or environment.

4.6 **Carbon Management**

No effect on carbon emissions are anticipated from the recommendation of this report.

4.7 **Rural Proofing**

It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

4.8 **Changes to Scheme of Administration or Scheme of Delegation**

No changes to either the Scheme of Administration or the Scheme of Delegation is required as a result of this report.

5 CONSULTATION

- 5.1 Depute Chief Executives, Service Directors and their relevant staff have been involved in and agreed the compilation of the budgetary control statements appended.
- 5.2 The Monitoring Officer, the Chief Legal Officer, the Service Director Strategy and Policy, the Chief Officer Audit & Risk, the Chief Officer HR, and the Clerk to the Council have been consulted and any comments received have been reflected in the report.

Approved by

David Robertson
Chief Financial Officer

Signature

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