

# Executive Committee

No Direct Ward Relevance

10th March 2010

## QUARTERLY BUDGET MONITORING: APRIL - DECEMBER QUARTER

(Report of the Head of Resources)

### 1. Summary of Proposals

The report provides the Executive Committee with an overview of the budget, including the achievement of approved savings as at the end of the second quarter 2009/10.

### 2. Recommendations

**The Committee is asked RESOLVE that**

**subject to any comments the report be noted.**

### 3. Financial, Legal, Policy, Risk and Sustainability Implications

#### Financial

- 3.1 The financial implications are detailed in the report. The report highlights areas of financial performance which are out of line with the approved budget. Budgets will continue to be monitored during the year and reported to this Committee.

#### Legal

- 3.2 Under Section 151 of the Local Government Act 1972 every local authority has a duty to make arrangements for the proper administration of their financial affairs.

#### Policy

- 3.3 There are no policy implications.

#### Risk

- 3.4 Without adequate budget monitoring procedures, the Council will not achieve its objectives. The Council needs to monitor its financial performance in order that corrective action may be taken to minimise risks to the organisation.
- 3.5 There is also a risk that the Council will overspend its budget if action is not taken to monitor the delivery of planned savings during the year.

### Sustainability / Environmental

- 3.6 There are no sustainability/environmental/climate change implications.

### Report

#### **4. Background**

4.1 The Council set its base budget for 2009/10 on the 23rd February 2009. Subsequent to this Council, on the 6th April 2009, approved budget savings of £870.1k for 2009/10 to enable the authority to set a balanced budget and to fund a range of bids previously approved on the 9th March 2009. The details of the approved savings are included at Appendix 1. In addition to the approved savings for 2009/10 there is a sum of £200k built into the base budget for vacancy/turnover savings.

4.2 A number of the savings approved required an adjustment to the original budget because they reflect savings such as reductions in vacant posts. The value of this type of saving totals £381.4k for which the base budget has been adjusted. However, there are a range of savings totalling £488.7k which require action by officers to deliver the savings. The purpose of this report is advise on the achievement of these savings and provide an turnover forecast for 2009/10.

#### **4.3 Revised Budget 2009/10**

	<b>£'000</b>
2009/10 Approved base budget	<b>13,179.5</b>
add capital charges	1,357.8
	14,537.3
Approved bids	541.1
	15,078.4
Less approved savings	870.1
	<b>14,208.3</b>

#### **5. Key Issues**

##### Turnover forecast

5.1 Appendices 2 and 3 detail the projected turnover variances as at the end of the second quarter. The budget for 2009/10 includes £350k (£200k built into the base plus £125k addition approved 9th April plus £25k support service savings) for vacancy/turnover savings. The

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projected savings detailed at appendices 2 and 3 contribute towards the £350k.

- 5.2 The savings detailed within Appendices 2 and 3 may fluctuate during the year particularly where they relate to vacant posts. Any movement on these savings will be reflected in future monitoring reports.
- 5.3 The projected variances at the end of the third quarter are savings of £841,027.

### Monitoring of approved savings (General Fund)

- 5.4 Appendix 4 details the savings achieved at the end of the third quarter against the target of £488.7k plus the £200k already built into the base budget for outturn savings.
- 5.5 At the end of December savings of £816.2 had been identified against the target of £688.7k. This would indicate that the Council is on target to deliver the approved savings although the figure for vacancy/outturn savings may fluctuate during the last quarter of the year. The figure of £816.2 includes savings of £321.6k in respect of the 2009/10 pay award and the re-tendering of some of the Council's energy supplies which have been taken into account in the Medium Term Financial Plan.
- 5.6 Any shortfall in savings at the end of the year will need to be met from revenue balances. General Fund balances as at the 1st April 2009 stood at £2.131million of which £255k has been allocated for reinvestment in services.

### **6. Other Implications**

Asset Management	-	None identified.
Community Safety	-	None identified.
Health	-	None identified.
Human Resources	-	None identified.
Social Exclusion	-	None identified.
Environment / Sustainability	-	None identified.

**7. Lessons Learnt**

7.1 None.

**8. Background Papers**

8.1 Budget monitoring report.

8.2 Council minutes – 23 February, 9 March and 6 April

**9. Consultation**

This report has been prepared in consultation with relevant Borough Council Officers.

**10. Author of Report**

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**11. Appendices**

Appendix 1 - Budget savings approved 6<sup>th</sup> April 2009.

Appendix 2 – Quarterly Monitoring Directorate Summary April – December 2009.

Appendix 3 - Explanations for projected variances.

Appendix 4 - Budget Savings - position as at end of third quarter 2009/10