

REDDITCH BOROUGH COUNCIL

**EXECUTIVE
COMMITTEE**

15th March 2011

QUARTERLY BUDGET MONITORING: APRIL-DECEMBER 2010/11

Relevant Portfolio Holder	Cllr Michael Braley, Corporate Management
Relevant Head of Service	Teresa Kristunas, Head of Resources
Non-Key Decision	

1. SUMMARY OF PROPOSALS

The report provides the Executive Committee with an overview of the General Fund budget including the achievement of approved savings for the period April – December 2010.

2. RECOMMENDATIONS

The Committee is asked to RESOLVE that

subject to any comment, the report be noted.

3. BACKGROUND

- 3.1 As Members are aware, the Central Government funding of Local Government is becoming more limited over the next 2 years. It is therefore important to monitor the financial position of the Council on a regular basis to ensure Officers and Members can take any necessary action on areas of expenditure or income that may result in further pressures having to be addressed in the future.
- 3.2 The Council set its budget for 2010/11 in February 2010. The net position of £13.312m included savings of £1.370m to be realised during this period. In addition to the quarterly monitoring of the overall financial position Members also requested that Officers monitored £1.154m of the savings identified to ensure their delivery. Of this, savings of £444k have been identified in service specific budgets and included in the Directorate Summary in Appendix 1 budgets.
- 3.3 The total net Directorate budgets agreed by Members in February 2010 total £14.230m (detailed in Appendix 1). Savings were required that could not be linked to any individual service budgets and £710k of these are detailed and monitored in the second table in Appendix 3. These represent the target that has been set to be achieved across all general fund budgets

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3.4 Service Managers receive monthly reports to consider the financial position on their operational areas and meet regularly with Finance Officers to discuss actions that may be required to address any overspends.

4. KEY ISSUES

4.1 For the period April – December 2010 (Quarter 3) the financial position of the Revenue budget shows an underspend of £815k against an estimated target of £350k. This is assumed to be the final position at the end of the financial year (March 2011). Appendix 2 details the material variances to this target for each department. The main reasons for the underspend, are:

- Vacant posts; there are a significant number of vacant posts across the Council which will generate higher than anticipated savings.
- Lower than anticipated borrowing costs have resulted in savings of £148k current period.
- The Council was successful in reclaiming £279k of previously paid VAT.

4.2 Appendix 1 shows the summary position for each department for the period April – December and the projected variance from the budget to the end of the financial year. This shows that the Council will save an additional £229k over and above the budgeted savings.

4.3 The savings of £1.154m as requested for separate monitoring are included at Appendix 3.

4.4 A review of any variances to the anticipated levels of expenditure and income is undertaken each month. This enables Service Managers to address any areas of concern by putting actions in place to mitigate any overspends over the future months.

4.5 The quarterly monitoring reports will reflect changes in the anticipated financial position and actions in place to address concerns.

4.6 The budget for 2011/12 was based on funding the budget shortfall from balances of £515k. Any additional underspends will be transferred to balances to fund future shortfalls.

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5. FINANCIAL IMPLICATIONS

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.

6. LEGAL IMPLICATIONS

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.

7. POLICY IMPLICATIONS

None Specific – information only.

8. COUNCIL OBJECTIVES

The report is required to ensure that the Authority is managing its budgets effectively and to ensure that Members are aware of any unexpected expenditure and effects on Council's balances during the year. This is part of a Well Managed Organisation.

**9. RISK MANAGEMENT INCLUDING HEALTH & SAFETY
CONSIDERATIONS**

9.1 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.

9.2 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.

10. CUSTOMER IMPLICATIONS

None Specific.

11. EQUALITIES AND DIVERSITY IMPLICATIONS

None Specific.

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12. **VALUE FOR MONEY IMPLICATIONS, PROCUREMENT AND ASSET
MANAGEMENT**

None Specific.

13. **CLIMATE CHANGE, CARBON IMPLICATIONS AND BIODIVERSITY**

None Specific.

14. **HUMAN RESOURCES IMPLICATIONS**

None Specific.

15. **GOVERNANCE/PERFORMANCE MANAGEMENT IMPLICATIONS**

None Specific.

16. **COMMUNITY SAFETY IMPLICATIONS INCLUDING SECTION 17 OF
CRIME AND DISORDER ACT 1998**

None Specific.

17. **HEALTH INEQUALITIES IMPLICATIONS**

None Specific.

18. **LESSONS LEARNT**

None Specific.

19. **COMMUNITY AND STAKEHOLDER ENGAGEMENT**

None Specific.

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20. OTHERS CONSULTED ON THE REPORT

Portfolio Holder	Yes
Chief Executive	Yes
Executive Director (S151 Officer)	Yes
Deputy Chief Executive/Executive Director – Leisure, Environment and Community Services	Yes
Executive Director – Planning & Regeneration, Regulatory and Housing Services	Yes
Director of Policy, Performance and Partnerships	Yes
Head of Service	Yes
Head of Resources	Yes
Head of Legal, Equalities & Democratic Services	Yes
Corporate Procurement Team	N/A

21. WARDS AFFECTED

All Wards

22. APPENDICES

- Appendix 1 Quarterly Monitoring Directorate Summary April – December 2010
- Appendix 2 Explanations for projected variances
- Appendix 3 Budget savings – position as at end of third quarter 2010/11

23. BACKGROUND PAPERS

Council Minutes 6th April 2009 and 22nd February 2010.

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AUTHOR OF REPORT

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