

**Wiltshire Council**

**Cabinet**

**24 September 2013**

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Subject: **Revenue Budget Monitoring Period 5 2013/2014**

Cabinet Member: **Cllr Dick Tonge – Finance, Performance, Risk,  
Procurement and Welfare Reform**

Key Decision: **No**

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**Executive Summary**

This report advises members of the revenue budget monitoring position as at the end of Period 5 (end of August 2013) for the financial year 2013/2014 with suggested actions as appropriate.

Savings plans, including the £4 million voluntary redundancy programme, are on target or have been delivered already. There has been additional spending in Children's Social Care to reflect the continuing costs of children taken into care. This will be funded, in part, from general fund reserves, as provided in the financial plan, to maintain safeguarding of children as a key priority for Wiltshire Council.

Overall therefore the forecasts suggest a £2.067 million overspend if no further action is taken. This is 0.6% of the Council's net budget. The purpose of budget monitoring is to identify such risks in order to allow management to address issues. This time last year a £3.084 million overspend was forecast and action taken to correct that ensured a balanced budget at year end. Action is currently being assessed to identify areas where savings can be made. An updated position will be reported to Cabinet in the next budget monitoring report in December 2013.

The year-end general fund reserves balance is projected to be £7.840 million. This is in line with the council's financial plan and recommendations by the Section 151 Officer.

**Proposal**

Cabinet is asked to note the outcome of the period 5 (end of August) budget monitoring, and approve the transfer of £1.4 million from General Fund Reserves to Children's Social Care.

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**Reason for Proposal**

To inform effective decision making and ensure a sound financial control environment.

**Michael Hudson**  
**Service Director, Finance**

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### Purpose Of Report

1. To advise members of the revenue budget monitoring position as at the end of Period 5 (end of August 2013) for the financial year 2013/2014 with suggested actions as appropriate.

### Background

2. The Council set the 2013/14 budget at its meeting on 26 February 2013. The report focuses on forecast exceptions to meeting the original budget and actions required to balance it. Comprehensive appendices showing the individual service headings are included in Appendix C. More details on any revisions to the original base budgets in year are also included in the report.

### Summary

3. The projected year end position for the relevant accounts is set out as follows:

	Revised Budget Period 5 £ m	Profiled Budget to date £ m	Actual and committed to date £ m	Projected Position for Year £ m	Projected (Over)/ Underspend £ m
<b>General Fund Total</b>	<b>340.518</b>	<b>201.264</b>	<b>179.444</b>	<b>342.585</b>	<b>2.067</b>
<b>Housing Revenue Account</b>	<b>(0.631)</b>	<b>(2.932)</b>	<b>(3.236)</b>	<b>(0.631)</b>	<b>0.000</b>

### General Fund Monitoring Update

4. Finance has continued to monitor budgets, with budget managers, with a focus on the budgets assessed to be subject to a higher risk of volatility due to factors such as changes in demand or assumptions. This has identified the areas where costs have risen quicker than forecast.
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5. Budget monitoring is an ongoing process and budgets and expenditure are reviewed between budget managers and accountants regularly, on a risk based approach.
6. The period 5 report shows more detailed information and includes a number of smaller variances. Full details of service area figures are included in Appendix C. Full details of structural changes and virements in the period are included in appendices A and B. In order to get as up to date information to Cabinet as possible, the base figures in this report are period 4 (July). These have been reviewed and updated where necessary to reflect the position at period 5 (August).
7. Budget Monitoring reports to members will now be taken to Cabinet quarterly in September, December, March and June. To improve clarity, the reports will target large variances and the managerial actions arising to help to ensure a balanced budget at year end.

### **General Fund Monitoring Details**

8. Overall the majority of services spend is in line with budget profiles and forecasts. There are a very small number of services which have identified larger variances at this stage of the year than originally planned. Service Directors are seeking compensating actions to bring these back in line.
  9. The spend on Children's Social Care is forecast to be £1.9 million above the original allocated budget, however the potential risk of this occurring was included in the risk assessment of the General Fund Reserves presented to Council in February 2013 and £1.4 million was set aside within the General Fund Reserve to meet this requirement. It is proposed that this element of the Reserve is released.
  10. There are also pressures within the Learning Disability (Adults) budget, currently forecast as £1.8m, arising from a higher than estimated number of new packages early in the financial year (with a high forecast cost in this financial year), the impact of the full year cost of new packages last year and also packages of care that increased during last year. In addition, we are assessing the impact that national changes to the funding for 19-25 year olds with special educational needs in college placements may have had. This funding has moved into the Dedicated Schools Grant (DSG) from this financial year as part of the schools funding reforms and may have resulted in increased social care costs. The service is exploring ways to bring spend in line with the original budget and is developing an action plan, which will include a process of assessment and review of care packages within the Learning Disability Service.
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11. The movement to/ from reserves variance of £4.8 million represents £1.4 million draw for Children's Social Care and £3.4 million technical draw for the voluntary redundancy scheme. More details are included in the Reserves Section below.
12. Redundancy and Contingency shows an overspend of £4.1 million. This is mainly due to £3.4 million technical costs of the voluntary redundancy scheme due to the savings occurring over two financial years. All costs and savings relating to the scheme are currently held corporately. This matches with the £3.4 million underspend in the draw from reserves line in 11 above.
13. Of the £8.0 million of savings to be found in the Redundancy and Contingency line plans are in place for £7.3 million to be delivered. The remaining £0.7 million is the balance of the £4.1 million in 12 above. The savings identified are continually being reviewed for robustness and to look for other potential savings. Included in the £7.3 million is an assumption that a £2 million capitalisation directive will be approved by central government.
14. Capital financing is forecast to be £1.5 million underspent at the year end. This is partly due to a high level of reprogramming of expenditure actioned at the end of 2012/13 and anticipated reprogramming from 2013/14 into 2014/15. This reduced spend means there is no planned requirement to borrow funds during 2013/2014, reducing the revenue costs of servicing the debt.
15. Overall, therefore, the period 5 report identifies potential cost pressures of £2.067 million. This is after the proposal to transfer of £1.400 million from reserves to support the pressure on Children's Social Care.

### **Housing Revenue Account Monitoring Update**

16. Budget figures on the Housing Revenue Account have been reviewed as part of the regular monitoring process. At present there is no reported change in forecast.

### **Debt Management**

17. A review of the income owed to the Council shows that 23.7% of debt is greater than 12 months old. This is in line with expectations and an improvement on the figures in April 2013. Action is being taken to recover all debt and provision is allowed in exceptional cases.

<b>Unpaid Debt to End of July 2013</b>	<b>£ million</b>
Total debt outstanding	12.080
Value of debt over 1 year old	2.860

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## Reserves

18. The tables below provide the forecast as at period 5 on the general fund balance held by the council. The latest forecast on general fund balances currently stands at £7.840 million at 31 March 2014.
19. A draw from reserves of £1.400 million is proposed to cover the additional spending on Children's Social Care.
20. A technical draw from reserves is required as part of the voluntary redundancy scheme. This is due to the full year effect of savings occurring in two financial years. This will be repaid to reserves from salary savings in the 2014/2015 financial year.

<b>General Fund Reserve</b>	<b>£ million</b>	<b>£ million</b>
Balance as at 1 April 2013		(12.640)
Planned contribution in 2013/14	0	
Draw from reserves for Children's Social Care	1.400	
Technical Draw from reserves for Voluntary Redundancy Repaid 1 April 2014	3.400	
Total Forecast movement		4.800
<b>Forecast Balance 31 March 2014</b>		<b>(7.840)</b>

21. At present it is assumed that all other areas currently overspending will be on line by the year end following management action. A review of the assessment of need has been undertaken by the Section 151 Officer to link all the General Fund balances to risk.

## Overall Conclusions

22. This report has identified a shortfall if no further action is taken on the general fund budget of £2.067 million at period 5 due to cost pressures / shortfalls in income. Officers are currently taking action to address this and further monitoring reports will be brought to Cabinet throughout 2013/2014.
23. The early identification of potential issues is part of sound and prudent financial management. Action to address this year's forecast should be taken where officers have the delegated powers to do so and this is underway.

## Implications

24. This report informs member's decision making.
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## **Risks assessment**

25. If the Council fails to take actions to address forecast shortfalls, overspends or increases in its costs it will need to draw on reserves. The level of reserves is limited and a one off resource that cannot thus be used as a long term sustainable strategy for financial stability. Budget monitoring and management, of which this report forms part of the control environment, is a mitigating process to ensure early identification and action is taken.

## **Equalities and diversity impact of the proposals**

26. None have been identified as arising directly from this report.

## **Financial implications**

27. This is a report from the chief finance officer and the financial implications are discussed in the detail of this report. It is forecast that a balanced budget will be achieved by 31 March 2014.

## **Legal Implications**

28. None have been identified as arising directly from this report.

## **Public Health Implications**

29. None have been identified as arising directly from this report.

## **Environmental Implications**

30. None have been identified as arising directly from this report.

## **Safeguarding Implications**

31. Safeguarding remains a key priority for the Council and this report reflects the additional investment for 2013/2014 to support the ongoing spend in looked after children and safeguarding.

## **Proposals**

32. Members are asked to note the outcome of the period 5 (end of August) budget monitoring, and approve the transfer of £1.400 million from General Fund Reserves to Children's Social Care.

## **Reasons for proposals**

33. To inform effective decision making and ensure a sound financial control environment.
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**Background Papers and Consultation**

None

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**Appendices:**

Appendix A: Revenue Budget Movements 2013/2014

Appendix B: Major Virements between Service Area from Original budget

Appendix C: Revenue Budget Monitoring Statements

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