

REPORT TO EXECUTIVE



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PORTFOLIO	Resources & Performance Management
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Revenue Budget Monitoring 2012/13 – Cycle 4 (to 28th February 2013)**PURPOSE**

1. To report the forecast outturn position for the year as at 31st March 2013 based upon actual spending and income to 28th February 2013.
2. To recommend any changes to the approved revenue budget which are considered necessary.
3. To determine any areas where Members require further information.

RECOMMENDATION

4. Members are recommended to:
 - a) approve the revised net salary savings figure of £511,517 as shown in Appendix 1 and note that a further £40k is estimated to be saved to the 31st March giving a total of £551,517.
 - b) seek the approval of full Council for the estimated reduction in net spending of £522,629 (including £448,330 further estimated underspend in cycle 4) and the related transfer to earmarked reserves as shown in Appendix 2
 - c) note the revised forecast non-salary variances of £648,206 lower than the approved budget as shown in Appendix 3
 - d) note the revised forecast of total net revenue spending being £999,723 lower than the approved budget as shown in Appendix 4
 - e) approve any recommended action to eliminate the areas of estimated additional net spending on the revenue budget

REASONS FOR RECOMMENDATION

5. To give consideration to the level of revenue spending and income in 2012/13 and to ensure that the budget is revised where appropriate to reflect changing circumstances.

SUMMARY OF KEY POINTS

6. Revenue Budget Monitoring Process
There are 4 in-year reports on revenue budget monitoring presented to the Executive and the Resources Scrutiny Panel during the course of the financial year. This is the fourth and final in-year report for 2012/13 (as at 28th February 2013). In addition to these 4 reports there is a final report to consider the actual spending at the end of the financial year compared with the revised revenue budget.
7. In addition, all budgets are monitored each month with separate summary reports being presented to the relevant Executive Member portfolio holder.
8. All Heads of Service have been asked to consider their budgets and provide information and details of any actual or anticipated significant variations between spending/income and budgets.

9. EXECUTIVE SUMMARY

- a) **SALARY SAVINGS** – In setting the budget for 2012/13 it was assumed that £200k would be saved through not filling posts immediately. The latest position is that **£512k** of salary savings have been secured. See **Appendix 1** for details by service area.. The **£312k** savings in excess of the target will create an underspending variance. In addition, it is estimated that a further **£40k** of salary savings will be achieved to the 31st March 2013.
- b) **EARMARKED RESERVES** – In setting the budget for 2012/13 it was assumed that £281k would be transferred from earmarked reserves during the year. Decisions taken this year have decreased the amount to be transferred from reserves by £125k including the carry forward of budgets approved by Council on the 12th July and the estimated underspending reported in cycle 3 monitoring. The latest position is that in cycle 4 a sum of **£523k** is recommended to be transferred to earmarked reserves. This takes the overall transfer into earmarked reserves during 2012/13 to **£366k** and leaves an estimated balance in earmarked reserves of **£6.031M** at the end of March 2013, of which **£3.526M** has not been committed and is available for general use. See **Appendix 2** for further details.
- c) **ESTIMATED NON-SALARY VARIATIONS** – Variances between approved budgets and revised spending and income forecasts are shown in **Appendix 3**. The latest position after accounting for spending and income up to the end of February 2013 is a forecast total for non-salary net spending which is **£648k** lower than the approved revenue budget.

- d) **SUMMARY OF FORECAST YEAR END POSITION** – The total of forecast salary and non-salary net spending against approved budgets in each service area is shown in **Appendix 4**. The forecast year end position is that total net revenue spending will be lower than the approved revenue budget by **£1M** after allowing for the £130k costs in excess of budget provision relating to the loss of 21 mainstream funded occupied posts through redundancy.
- e) **2012/13 SAVINGS TARGETS** - Management Team have confirmed that all savings have been achieved.

10. Further Action

As shown in Appendix 2, the forecast lower net spending of £551k in cycle 3 and the further projected revenue underspending of £449k in cycle 4 (total estimated underspending of £1million per Appendix 4) have been credited to the Modernisation Reserve in accordance with the Council's medium term financial strategy and reserves strategy. Two major commitments against 2012/13 underspending have been approved during the process of setting the 2013/14 budget and are also shown in Appendix 2. These commitments are £279k to increase the level of general reserves and £156k to fund time-limited growth items in 2013/14.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

11. As shown in the body of the report and appendices

POLICY IMPLICATIONS

12. The revenue budget determines the extent to which the Council's strategic objectives can be pursued and achieved.

DETAILS OF CONSULTATION

13. Management Team and Heads of Service

BACKGROUND PAPERS

- 14.. None

FURTHER INFORMATION

PLEASE CONTACT:

**David Donlan – Accountancy Division
Manager**

ALSO:

**Phil Moore - Head of Finance & Property
Management**