

SURREY COUNTY COUNCIL

CABINET

DATE: 25 JUNE 2013

REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL

LEAD OFFICER: SHEILA LITTLE, CHIEF FINANCE OFFICER AND DEPUTY DIRECTOR FOR BUSINESS SERVICES

SUBJECT: BUDGET MONITORING FORECAST 2013/14 (PERIOD ENDING MAY 2013)



SUMMARY OF ISSUE:

To note the 2013/14 revenue and capital budget monitoring year-end projections as at the end of May 2013.

RECOMMENDATIONS:

It is recommended that the Cabinet:

1. notes the:
 - forecast revenue budget underspend for 2013/14 (Annex 1, page 2);
 - forecast ongoing efficiencies & service reductions achieved by year end (annex 1, page 12);
 - forecast capital budget position for 2013/14 (Annex 1, page 13)
 - management actions to mitigate overspends (throughout Annex 1);
2. approves the in year virement of £757,661 from the Central HR Training Budget to most services that have service specific training budget allocations for 2013/14 (Annex 1, page 3);
3. confirms the re-profiling of -£2.5m capital budget carry forwards to 2013/14 (Annex 1, page 13); and
4. approves the use of Fire Capital Grant to fund vehicle and equipment replacement (Annex 1, page 13).

REASON FOR RECOMMENDATIONS:

To comply with the agreed strategy of providing a monthly budget monitoring report to cabinet for approval and action as necessary.

DETAILS:

1. The Council's 2013/14 financial year commenced on 1 April 2013. This is the first budget monitoring report of 2013/14. The budget monitoring reports for this financial year will have greater focus on material and significant issues, especially the tracking of the efficiency and reduction targets within the Medium Term Financial Plan. The reports will have a greater emphasis on proposed actions to be taken to resolve any issues and reporting service activity.
2. The Council has implemented a risk based approach to budget monitoring across all directorates and services. The risk based approach is to ensure we focus resources on monitoring those budgets assessed as high risk, due to their value or volatility.
3. There is a set of criteria to evaluate all budgets into high, medium and low risk. The criteria cover:
 - the size of a particular budget within the overall Council's budget hierarchy (the range is under £2m to over £10m);
 - budget complexity relates to the type of activities and data being monitored (the criterion is about the percentage of the budget spent on staffing or fixed contracts - the greater the percentage the lower the complexity);
 - volatility is the relative rate at which either actual spend or projected spend move up and down (volatility risk is considered high if either: the current year's projected variance exceeds the previous year's outturn variance, or the projected variance has been greater than 10% on four or more occasions during this year)
 - political sensitivity is about understanding how politically important the budget is and whether it has an impact on the Council's reputation locally or nationally (the greater the sensitivity the higher the risk).
4. High risk areas report monthly, whereas low risk services areas report on an exception basis. This will be if the year to date budget and actual spend vary by more than 10%, or £50,000, whichever is lower.
5. There is one virement for the Cabinet to approve. The virement is an in year virement of £757,661 from the Central HR Training Budget to most services that have service specific training budget allocations for 2013/14. This virement allows services to co-ordinate their training needs at a service level. HR will continue to hold the budget and responsibility for providing generic Corporate Training and the Social Care Open programme. Annex 1 provides further details on this virement.
6. Annex 1 to this report sets out the Council's revenue budget forecast year end outturn as at the end of May 2013. The forecast is based upon current year to date income and expenditure as well as projections using information available to the end of the month.
7. The report provides explanations for significant variations from the budget, staffing and efficiency reporting. To ensure these explanations are relevant, services have applied a judgment. As a guide, a forecast year end variance of greater than £1m is material and requires a commentary. For some services £1m may be too large or not reflect the service's political significance, so any variance over 2.5% may also be material.

8. Also, annex 1 to this report updates Cabinet on the Council's capital budget.
9. Appendix 1 provides details of the directorate policy and service financial information, directorate efficiencies and revenue and capital budget movements.

Consultation:

10. All Cabinet Members will have consulted their relevant Strategic Director on the financial positions of their portfolios.

Risk management and implications:

11. Risk implications are stated throughout the report and each Strategic Director has updated their strategic and or service Risk Registers accordingly. In addition, the Leadership risk register continues to reflect the increasing uncertainty of future funding likely to be allocated to the Council.

Financial and value for money implications

12. The report considers financial and value for money implications throughout future budget monitoring reports will continue this focus. The Council continues to have a strong focus on its key objective of providing excellent value for money.

Section 151 Officer commentary

13. The Section 151 Officer confirms that all material, financial and business issues and risks are considered throughout the report.

Legal implications – Monitoring Officer

14. There are no legal issues and risks.

Equalities and Diversity

15. Any impacts of the budget monitoring actions will be evaluated by the individual services as they implement the management actions necessary.

Climate change/carbon emissions implications

16. The County Council attaches great importance to being environmentally aware and wishes to show leadership in cutting carbon emissions and tackling climate change.
17. Any impacts on climate change and carbon emissions to achieve the Council's aim will be considered by the relevant service affected as they implement any actions agreed.

<u>WHAT HAPPENS NEXT:</u>

The relevant adjustments from the recommendations will be made to the Council's accounts.

Contact Officer:

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Consulted:

Cabinet / Corporate Leadership Team

Annexes:

Annex 1 – Revenue budget, staffing costs, efficiencies and capital programme summary

Appendix 1 – Directorate financial information (revenue and efficiencies) and revenue and capital budget movements

Sources/background papers:

None
