

WYRE FOREST DISTRICT COUNCIL

CABINET
20TH NOVEMBER 2008

Budget Monitoring - Second Quarter 2008/2009

OPEN	
COMMUNITY STRATEGY THEME	Stronger Communities
CORPORATE PLAN THEME:	A Well-Run and Responsive Council
CABINET MEMBER:	Councillor John Campion
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APPENDIX 1	Wyre Forest District Council General Fund Total Requirements - District Council Purposes
APPENDIX 2	Budgetary Control Report – Revenue
APPENDIX 3	Income Generation Report
APPENDIX 4	Budgetary Control Report – Capital – Programme 2008/2009
APPENDIX 5	Prudential Indicators 2008/2011
APPENDIX 6	Budget Risk Matrix
APPENDIX 7	Supplementary Estimate/Virement Report 2008/2009
<i>The appendices to this report have been circulated electronically and a public inspection copy is available on request. (See front cover for details)</i>	

1. PURPOSE OF REPORT

- 1.1 To monitor the Revenue Budget and Capital Programme in accordance with Local Government Act 2003 and Comprehensive Performance Assessment (CPA) guidelines.

2. RECOMMENDATIONS

The Cabinet is asked to **DECIDE:-**

- 2.1 that the projected budget variations and comments outlined within this report be noted;
- 2.2 that the Income Generation Report be noted;
- 2.3 that the Heads of Service continue to monitor closely the Revenue Budget and Capital Programme;
- 2.4 that the updated Capital Programme and Vehicle, Equipment and Systems Renewal Schedule 2008/2009, brought about by slippage and reassessment, be noted;

- 2.5 that the Prudential Indicators 2008/2011 be noted;**
- 2.6 that the Budget Risk Management Matrix be noted;**
- 2.7 that the Supplementary Estimate/Virement report be noted;**

3. BACKGROUND

- 3.1 Council on 27th February 2008 agreed the revised Revenue Budget and Capital Programme for the period 2008/2011.

4. KEY ISSUES

- 4.1 The Cabinet is responsible for the overall revenue budget and capital programme performance and monitoring.
- 4.2 Head of Financial Services provides each Head of Service monthly financial statements to assist with budget monitoring.
- 4.3 Each Head of Service is responsible for the administration and monitoring of resources allocated to their Division.
- 4.4 The Cabinet are required to consider on a regular basis relevant financial information relating to Budget monitoring and take appropriate action where necessary.
- 4.5 Members will be aware of the urgent report that was presented to the meeting of Cabinet on 23rd October 2008 which introduced restrictions on expenditure due to the Councils exposure to investments with the Icelandic banks. In line with these recommendations this issue will be the subject of a separate report on this agenda, pending the announcement expected from the administrators in mid-November. At this stage it is not possible to determine the potential impact on the financial strategy 2009/2012 of this issue.

5. FINANCIAL IMPLICATIONS - BUDGET MONITORING 2ND QUARTER 2008/2009

- 5.1 A copy of the Council's approved Revenue Budget is enclosed as Appendix 1 for Members information.
- 5.2 The Head of Financial Services, having consulted with other Heads of Service, has produced a schedule of significant budget variations on key activities for the second quarter as Appendix 2.
- 5.3 A copy of the Income Generation Projection Report for the second quarter is enclosed as Appendix 3. Income variations are included together with expenditure items in Appendix 2. This additional report is to enable Members to consider and focus on key income generation areas which impact on the overall revenue budget.
- 5.4 An amended Capital Programme and Vehicle and Equipment Renewals Schedule for 2008/2009, including slippage from 2007/2008 Capital Programme is enclosed as Appendix 4.

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- 5.5 In line with the approved protocol, for the reporting of changes to Council approved prudential indicators a set of Prudential Indicators 2008/2011 are attached in Appendix 5.
- 5.6 A copy of the Supplementary Estimate/Virement Schedule is enclosed as Appendix 7.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 The Local Government Act 2003 (sections 25 – 29) placed new duties on Local Authorities on how they set and prioritise budgets.
- 6.2 Section 28 places a statutory duty on an authority to review its budget from time to time during the year. If the Budget Monitoring Report shows that there has been a deterioration in the Authority's financial position, the Authority must take such action as it concludes necessary. The Council currently reviews the Budget on a quarterly basis.
- 6.3 The new CPA guidelines place greater emphasis on Use of Resources made by Local Authorities. The Audit Commission will make a use of resources assessment based on the annual programme of external audit work. One of the Key Lines of Enquiry (KLOE) will be how well the Council manages and uses its financial resources.

7. RISK MANAGEMENT

- 7.1 The Budget Risk Matrix has been revised to reflect the current assessment of risk. A copy of the Budget Risk Matrix is enclosed as Appendix 6 for information.

8. EFFICIENCY SAVINGS ("CSR07" REQUIREMENTS)

- 8.1 The financial year 2008/2009 is the first year of the new Comprehensive Spending Review (CSR) 07 replacing the former "Gershon" regime. The Budget Review Panel has adopted a revised approach to reviewing efficiency plans during the 2009/2010 budget considerations. Attention is being concentrated upon division's individual plans in relation to efficiency and detailed working papers/evidence must be provided in order for savings to be treated as efficiency gains. The Head of Financial Services in consultation with the Chief Executive will report on the progress of efficiency gains in due course

9. INVESTMENT INTEREST

- 9.1 As referred to within the key issues above, Cabinet will be aware of the position in relation to investments totalling £9m with banks with links to Iceland. As reported on 23rd October 2008, an announcement is expected in mid-November from Ernst & Young which is expected to provide details of how much and how soon the Council would expect return of our funds.
- 9.2 The total interest at risk in 2008/09 is around £450k pa, against the total 2008/2009 original budget of just over £1.5m for interest.

10. CONCLUSIONS/ACTION

- 10.1 The information contained within the Appendices provides Members with an overview of financial trends within the period to 30th September 2008, together with appropriate comments relative to key activities.
- 10.2 A further report identifying the nine month position will be submitted to the Cabinet on 19th February 2009.

11. CONSULTEES

Corporate Management Team

12. BACKGROUND PAPERS

Council 27th February 2008 C.82.
Cabinet 23rd October 2008