

REPORT TO THE CABINET
18 FEBRUARY 2014

Cabinet Member: COUNCILLOR PEREDUR JENKINS, CABINET MEMBER - RESOURCES

Subject: THE REVENUE BUDGET 2013/14 – 3rd QUARTER REVIEW
(2013/14 forecasts, on the basis of the position as at 31
December 2013)

Contact Officer: DAFYDD L EDWARDS, HEAD OF FINANCE

1. THE DECISION SOUGHT / PURPOSE OF THE REPORT

- 1.1 **Accept the information about the position of the 2013/14 budget** after the third quarter review, note the latest financial position of each department's budgets and take the following appropriate steps to manage and adjust the revenue budgets of the Council and its departments for the current year.
 - 1.2 **Social Services, Housing and Leisure (Provider and Leisure)** – To allocate £150k of additional budget to Social Services, Housing and Leisure on a one-off basis, as there is overspending on residential homes' staff due to an ongoing employment appeal process which is beyond the control of the Provider Service.
 - 1.3 **Highways and Municipal** – To allocate £311k of additional funding to the Highways and Municipal Department on a one-off basis. This allocation corresponds to the value of the loss of grant, effluence costs and the loss of electricity royalty income which has already been discussed at the Cabinet and the Audit Committee.
 - 1.4 **Corporate Budgets** – To release £461k underspend on Corporate Budgets in order to finance the above additional budget allocations on a one-off basis.
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2. INTRODUCTION / BACKGROUND

- 2.1 It is the Cabinet's responsibility to take action, as necessary, in order to secure appropriate control over the Council's budgets (e.g. approval of significant virements or supplementary budgets).
- 2.2 In **Appendix 1**, a summary is presented with forecasts of each Department's final revenue budget position for 2013/14 based on the third quarter review.

- 2.3 The second quarter budget review report was submitted to the Cabinet on 26 November 2013, and the changes on a departmental level between the forecasts presented in November and the latest forecasts presented in the report submitted today can be seen in Appendix 1.
- 2.4 While the forecasts appear to be generally consistent for the level of the departments, the financial position of some activities and services within departments has changed.
- 2.5 **Appendix 2** shows further details relating to the main issues and the budget headings where significant variances are forecasted, along with the specific recommendations above, in context.
- 2.6 It was reported in the Second Quarter Review in November 2013 that the departments' positions, in general, were stable this year, apart from the following budgets (the £ below is the **latest estimate** of net overspend in 2013/14):
- 2.7 **Social Services, Housing and Leisure (Provider and Leisure) – Residential Homes' Staff £285k** (page 7) **and Leisure Sales £98k** (page 7)
As the position of the residential homes' staff is beyond the management of the Provider Service, a contribution of £150k from corporate underspend is recommended.
- 2.8 **Highways and Municipal – Waste £664k** (page 24)
As there has been a commendable effort by the Highways and Municipal Department to meet the deficit and minimize the problems in Waste, a contribution of £311k from corporate underspend is recommended now.
- 2.9 **Education – Redundancy and Early Retirement in Schools £289k** (page 11)
The Education Department has provision in a specific reserve to meet this.
- 2.10 **Corporate Budgets** - Counterbalancing the concerns above, there is some flexibility on corporate budgets this year, primarily due to higher than originally estimated income on Council Tax (£810k) and repayment of the Heritable Bank investment (£221k).
- 2.11 Therefore, three recommendations are presented to respond to the situation (see the proposed decisions in 1.2 – 1.4 above).
- 2.12 However, as expressed by the Cabinet in its meeting on 26 November, 2013, in light of the challenging financial position, the Council will have much less flexibility in future to use corporate resources to bail out departments in circumstances similar to this, therefore, individual departments must now plan to live within their own means.

3. NEXT STEPS AND TIMETABLE

- 3.1 Act on the recommendations submitted and present a subsequent 'outturn' report to the formal Cabinet in June in order to agree on the final position for 2013/14 and any further transfers.

LOCAL MEMBER'S VIEWS

Not relevant

OPINION OF THE STATUTORY OFFICERS

Chief Executive:

Nothing to add to the content of the report other than to draw attention to the Head of Finance's warning that the Council's corporate capacity to assist departments with difficulties, as those which are identified in the report, will be substantially less in future.

Monitoring Officer:

Nothing to add regarding propriety.

Head of Finance:

I have collaborated with the Cabinet Member in the preparation of this report and I confirm the content.

APPENDICES

Appendix 1 – Summary of the Department's positions (£ over/under-spend)

Appendix 2 – Details of the main matters and differences (£)